



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

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

June 2019





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***June 2019***

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**LIST OF ACRONYMS AND ABBREVIATIONS**

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
CPA:	Central Public Administration
CPI:	Consumer Price Index
ECB:	European Central Bank
ECOWAS:	Economic Community of West African States
FAO:	United Nations Food and Agriculture Organization
FED:	Federal Reserve System
FOB:	Free on Board
FTSE:	Financial Times Stock Exchange
GDP:	Gross Domestic Product
HICP:	Harmonized Index of Consumer Prices
IMF:	International Monetary Fund
IPI:	Industrial Production Index
LBUBC:	Large Businesses Using Bank Credits
MPC:	Monetary Policy Committee
MSCI:	Morgan Stanley Capital International
NEAs:	Net External Assets
NSIs:	National Statistics Institutes
NYMEX:	New York Mercantile Exchange
OECD:	Organization for Economic Cooperation and Development
OPEC:	Organization of the Petroleum Exporting Countries
PBoC:	People's Bank of China
Pps:	Percentage points
RBI:	Reserve Bank of India
REER:	Real effective exchange rate

SA-WDC:	Seasonally Adjusted - Working Day Corrected
SARB:	South African Reserve Bank
SDRs:	Special Drawing Rights
TI:	Turnover Index
WAEMU:	West African Economic and Monetary Union
WAMA:	West African Monetary Agency
WAMU:	West African Monetary Union
WEO:	World Economic Outlook
WTI:	West Texas Intermediate

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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 second ordinary meeting of 2019 on Wednesday, June 12, 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 the medium-term inflation and economic growth outlook in the Union.
3. Discussing the international economic situation, the Committee noted that global economic activity in the first quarter of 2019 continued to grow moderately, against a backdrop of persistent uncertainties related to trade and geopolitical tensions. According to the latest data published by the International Monetary Fund in April 2019, the global economy grew by approximately 3.6% in 2018 and achieved an estimated growth of 3.3% in 2019.
4. The prices of products exported by the countries of the Union on major international commodities markets showed contrasting trends in the first quarter of 2019. Prices increases were reported for rubber (+8.2%), gold (+6.1%) and cocoa (+3.1%). On the other hand, decreases were noted in prices for cashew nuts (-7.0%), robusta coffee (-5.4%), cotton (-5.1%) and palm kernel oil (-4.8%).
5. Economic activity on domestic markets remained buoyant in the first quarter of 2019. Real GDP growth, supported mainly by strong domestic demand, stood at 6.3% year over year, compared with 6.4% the previous quarter. The Central Bank expects economic growth to reach 6.7% in 2019 compared with a performance of 6.5% in 2018.
6. With regard to public finances, the Committee noted with interest that government departments forecast that the budget deficit, on a commitment basis, inclusive of grants, for all of the Union's States taken together would reach 2.9% of the GDP in 2019, compared with 3.7% in 2018. The MPC urges the Member States to continue their efforts to introduce measures to ensure compliance with the Community standard of a budget deficit not exceeding 3.0% by the end of 2019.
7. The Union's monetary situation at the end of March 2019 was marked by a stable money supply, due to a slight drop in domestic claims and increased foreign exchange reserves. Existing reserves guaranteed 4.9 months of imports of goods and services compared with 4.7 months at the end of December 2018. On the money market, the average quarterly interest rate stood at 4.50% compared with 3.45% in the previous quarter. The Committee, however, noted that interest rates eased in the first two months of the second quarter of 2019.
8. The Committee further noted that price increases decelerated on a year-over-year basis in the first quarter of 2019. The inflation rate stood at 0.1%, compared with 0.9% a quarter earlier, which was mainly correlated with the continued decline in the prices of cereal products due to the availability of adequate market supplies. According to Central Bank projections, the year-over-year inflation rate will stand at 1.3% over the next twenty-four months, which is consistent with the BCEAO's price stability objective.
9. 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 June 12, 2019

The Chairman of the Monetary Policy Committee

Tiémoko Meyliet Koné

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## SUMMARY

1. The global economy continued to grow moderately in the first quarter of 2019, against a backdrop of persistent uncertainties associated with trade and geopolitical tensions.
  2. The prices of commodities exported by WAEMU countries showed contrasting trends. The most significant increases were observed in the prices of rubber, gold, and cocoa while cashew nuts, oil, robusta coffee and cotton prices registered the most substantial decreases.
  3. Economic activity in the Union maintained its momentum during the first quarter of 2019. Real gross domestic product (GDP) growth, supported mainly by strong domestic demand, stood at 6.3% year over year, compared with 6.4% a quarter earlier. Economic growth in 2019 is expected to reach 6.7% compared with 6.5% in 2018.
  4. The year-over-year inflation rate in the Union was 0.1% in the first quarter of 2019, compared with 0.9% in the previous quarter. The slowdown was mainly due to a stronger decline in food prices. In addition, the rate of increase of “Transportation” and “Housing” prices slowed. The core inflation rate was 0.2% year over year in the first quarter of 2019 compared with 0.7% a quarter earlier.
  5. During the first three months of 2019, financial operations in the Union’s Member States resulted in an overall 109.3 billion deficit, or 0.6% of the GDP on a commitment basis, inclusive of grants, compared with 323.0 billion or 1.9% of the GDP in the same period of the previous year.
  6. In the first quarter of 2019, the balance of the Union’s foreign trade showed a 40.3 billion deficit, down by 134.9 billion compared with the same period the previous year.
  7. The monetary situation at the end of March 2019 was marked by virtual stability in the money supply (+0.2%) compared with the situation three months prior, due to an increase in net external assets (+6.3%) offset by a drop in domestic claims (-0.9%). The increase in NEAs was due to both the Central Bank and commercial banks’ net external assets. The decrease in domestic claims in the quarter was due to the combined drop in claims on the economy (-0.7%) and in net claims of deposit-taking institutions on the central governments of the Union’s Member States (-1.6%). However, claims on the economy increased by 8.0% year over year at the end of March 2019, compared with 8.7% three months earlier. The Union’s foreign exchange reserves stood at 8,874.5 billion at the end of March 2019, corresponding to a monetary issue coverage rate of 77.1% compared with 76.6% three months earlier. Coverage in terms of months of imports of goods and services stood at 4.9 months, compared with 4.7 months at the end of December 2018.
  8. Bank liquidity increased slightly by 19.2 billion during the first quarter of 2019 to 1,600.9 billion at the end of March 2019. This was due to increased refinancing of outstanding debts granted by the BCEAO over the period (+119.3 billion), mitigated by the negative impact of independent factors (-100.1 billion).
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9. On the money market, the weighted average rate for weekly liquidity injection operations was 4.5000% in the first quarter of 2019, compared with 4.0149% in the previous quarter and 4.5000% a year earlier. In the one-week segment of the interbank market, the weighted average interest rate stood at 5.06%, compared with 5.13% in the previous quarter and 5.73% a year earlier. The average quarterly money market rate<sup>1</sup> was 4.5000%, compared with 3.4531% in the previous quarter and 4.5000% a year earlier.
10. On the government securities market, the weighted average interest rate for all Treasury bill maturities was stable at 5.78% quarter over quarter.
11. The average lending rate charged by banks to customers, excluding taxes and fees, fell on a quarterly basis, to stand at 6.61% at the end of March 2019, compared with 6.79% three months earlier and 6.75%, during the same period in 2018.
12. The inflation outlook in the Union does not forecast pressures on consumer price trends over the medium term. The projected trend in inflation points to a 0.4% increase in the year-over-year inflation rate in the second quarter of 2019. The inflation rate is forecast to reach 1.3% year over year, eight quarters ahead.

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<sup>1</sup> The 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.

## I - GLOBAL ECONOMIC ENVIRONMENT

### 1.1 - Economic activity

1. The global economy continued to grow moderately in the first quarter of 2019, against a backdrop of persistent uncertainties associated with trade 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	
<b>Advanced countries</b>	(over one year)			(year over year)								
United States	1.5	2.2	2.9	1.9	2.1	2.3	2.5	2.6	2.9	3.0	3.0	3.2
Eurozone	1.8	2.4	1.8	2.1	2.5	2.8	2.7	2.4	2.2	1.6	1.2	1.2
Germany	1.9	2.5	1.5	2.1	2.2	2.6	2.8	2.1	2.0	1.1	0.6	0.7
France	1.2	2.4	1.7	1.4	2.4	2.8	2.9	2.4	1.9	1.5	1.2	1.2
Japan	0.9	1.9	0.8	1.5	1.7	2.1	2.4	1.3	1.5	0.1	0.3	0.9
United Kingdom	1.9	1.8	1.4	1.8	1.9	2.0	1.6	1.2	1.4	1.6	1.4	1.8
<b>Emerging countries</b>												
China	6.7	6.9	6.6	6.8	6.8	6.7	6.7	6.8	6.7	6.5	6.4	6.4
India	7.1	6.7	7.1	6.1	6.0	6.8	7.7	7.7	8.0	7.0	6.6	5.8
Brazil	-3.5	1.1	1.1	0.1	0.6	1.4	2.2	1.2	0.9	1.3	1.1	0.5
Russia	-0.2	1.5	2.3	0.6	2.5	2.2	0.9	1.9	2.2	2.2	2.7	0.5
South Africa	0.6	1.3	0.8	1.1	1.6	1.6	1.4	0.7	0.1	1.3	1.1	0.0
<b>Surrounding Countries</b>												
Ghana	3.7	8.4	6.3	7.4	11.1	8.7	5.5	5.4	5.4	7.4	6.8	8.8*
Nigeria	-1.6	0.8	1.9	-0.9	0.7	1.2	2.1	1.9	1.5	1.8	2.4	2.0

Sources: OECD, Eurostat, IMF, Statistics South Africa

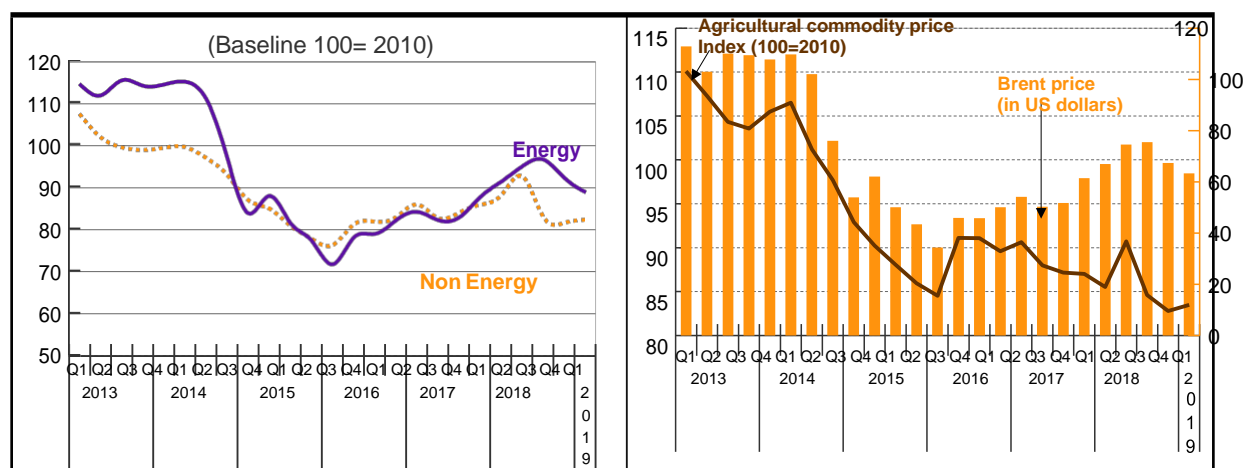
(\*): Bloomberg and IMF forecasts, Preliminary data

2. In the United States, GDP growth remained robust in the first quarter of 2019, despite disruptions related to a partial federal government shutdown in January 2019. The country's economic activity was supported by renewed consumer confidence combined with a robust labor market and high levels of business confidence. Real GDP growth stood at 3.2% year over year in the first quarter of 2019, its highest level since 2015.
3. In the Eurozone, economic activity remained sluggish in the first quarter of 2019, with GDP growth at 1.2%, as in the previous quarter. Activity growth was constrained due to uncertainties surrounding Brexit and international trade, fiscal difficulties in Italy, as well as labor unrest in France.
4. With regard to emerging markets, China's economy grew by 6.4% year over year in the first quarter of 2019, the same level as achieved in the previous quarter. This growth was driven by the performance of the industrial sector, household consumption, and fixed capital investment. However, economic activity in China continued to show signs of weakness amid trade tensions with the United States.
5. In Nigeria, the main trading partner of the Union's Member States in the West African subregion, activity was expected to remain strong in the first quarter of 2019, reflecting the strong performance of the non-oil sector and an increase in consumer spending, against a backdrop of declining inflationary pressures.

6. According to the latest World Economic Outlook (WEO) released in April 2019 by the IMF, global growth was estimated at 3.6% in 2018, a 0.1 percentage point decline from the January 2019 outlook. The latest WEO predicted a slowdown in global activity in 2019 and a 3.3% growth rate. This was reportedly due to a sharp deceleration in activity in advanced countries.
7. In advanced economies, the GDP growth rate is forecast to fall from 2.2% in 2018 to 1.8% in 2019 and to 1.7% in 2020. Several factors are believed to have a bearing on the weak performance of these economies. They include declining business and household confidence, as well as concerns about Brexit in the Eurozone. The growth outlook was adjusted downwards in Germany due to a drop in industrial production, especially in the automotive industry, caused by delays in the implementation new standards for emissions of polluting gases. Activity in France is likely to be affected by social protests which are dragging down consumer spending. However, due to strong domestic demand, considerable growth is expected in the United States, reaching 2.3% in 2019, compared with 2.9% in 2018.
8. In emerging and developing economies, growth, which was estimated at 4.5% in 2018, is expected to fall to 4.4% in 2019, before rising to 4.8% in 2020 (-0.1 percentage point deviations from the January 2019 WEOs). The downward adjustment of the outlook was partly due to a slowdown in the pace of activity in China, driven by declining investment, rising public and private debt, and the negative impact of trade tensions. The resulting weakening of import demand has negatively impacted exports by China's partners in Asia. In addition, the economies of Argentina and Turkey were affected by financial market pressures on their currencies and the deteriorating macroeconomic situation. Finally, geopolitical tensions weighed on activity in the Middle East.
9. In sub-Saharan Africa, growth is projected to increase to 3.5% in 2019 and 3.7% in 2020, following a 3.0% rise in 2018. However, the projections for 2019 and 2020 were 0.3 and 0.2 percentage points lower, respectively, than in the January edition of the WEO. This downward revision was due to the negative impact of further easing of oil prices on the Angolan and Nigerian economies. In South Africa, growth is expected to increase from 0.8% in 2018 to 1.2% in 2019 and 1.5% in 2020.
10. The global economic outlook is surrounded by several risk factors, which are predominantly negative. Global growth could be adversely affected by a further escalation of trade tensions and rising uncertainties. Trade, investment, and output remain dependent on the outcome of the current trade negotiations. In addition, a rapid tightening of monetary policy by the U.S. Federal Reserve could cause financial markets to react negatively not only in terms of interest rates, but also in terms of provision of funding. Furthermore, the prospects of a no-deal Brexit could increase uncertainties, especially in the Eurozone. Over the medium term, climate change and political disagreements against a backdrop of rising social inequality are major risks, which could weigh on potential global output.

## **1.2 - Commodity prices**

11. Commodities continued their downward trend on the heels of energy prices. However, the slight increases in the prices of agricultural commodities had a moderating effect.

**Graph 1 - Trends in commodity price indexes**

Sources: World Bank, Bloomberg

12. In the first quarter of 2019, energy prices fell by 8.1%, quarter over quarter, driven by declining natural gas (-16.9%) and oil (-6.3%) prices. The decline in oil prices was caused by a steady and significant increase in shale oil production in the United States (+2 million barrels per day in 2018).
13. The major commodities exported by the countries of the Union experienced contrasting price developments during the first quarter of 2019, following a substantial price drop over the previous period. Price increases were observed for rubber (+8.2%), gold (+6.1%) and cocoa (+3.1%). On the other hand, decreases were noted in prices for cashew nuts (-7.0%), robusta coffee (-5.4%), cotton (-5.1%) and palm kernel oil (-4.8%).
14. Measured in CFA francs, the prices of commodities exported by the Union's countries generally followed the same trend as those expressed in foreign currency.
15. Rubber prices increased, partly as a result of an agreement to reduce exports among the three largest producers, i.e., Thailand, Malaysia, and Indonesia, as well as strong demand from Chinese industry.
16. Gold prices benefited from their safe-haven status, amid uncertainties about the pace at which monetary policies in advanced countries would be normalized, and against a backdrop of geopolitical tensions, especially in the Middle East.
17. On the other hand, cotton prices were affected by lower demand, especially from China, amid trade tensions, and a positive global production outlook.
18. Palm kernel oil and cashew nut prices were affected by a drop in the global demand.

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

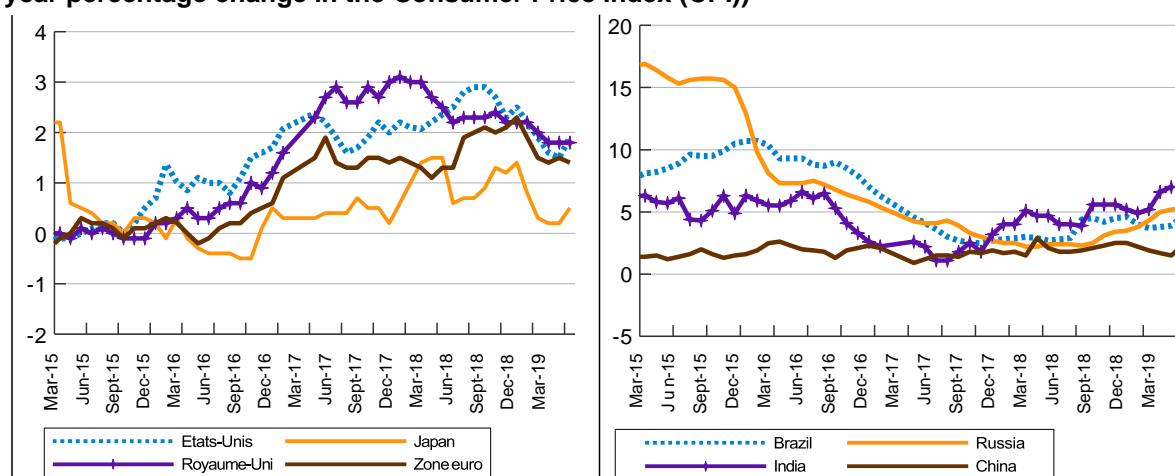
	Average price in Q1-2019				Quarterly change		Annual change	
	unit	in foreign currencies	unit	in CFA francs	Prices in foreign currencies	Prices in CFA F	Prices in foreign currencies	Prices in CFA F
Crude Oil (NYMEX)	in \$/barrel	55.2	ton	227,893.5	-6.3	-5.8	-12.0	-4.7
Robusta coffee (ICO)	in cents/pound	77.1	kg	981.1	-5.4	-4.9	-12.2	-5.0
Cocoa (ICCO)	in cents/pound	101.7	kg	1,294.4	3.1	3.6	2.2	10.7
Cotton (NY #2)	in cents/pound	74.5	kg	948.8	-5.1	-4.6	-7.8	-0.2
Palm oil	in \$/metric ton	532.5	kg	307.6	-3.9	-3.4	-21.2	-14.8
Palm kernel oil	in \$/metric ton	705.6	kg	407.4	-4.8	-4.3	-38.2	-33.1
Rubber	in eurocents/kg	131.7	kg	863.9	8.2	8.2	5.3	5.3
Cashew nuts	in \$/metric ton	1,318.0	kg	761.2	-7.0	-6.5	-31.5	-25.9
Gold	in \$/ounce	1,304.0	gram	26,567.9	6.1	6.6	-1.9	6.2

Sources: World Bank, Reuters, BCEAO calculations

19. On an annual basis, prices for palm kernel oil (-38.2%), cashew nuts (-31.5%), palm oil (-21.2%), coffee (-12.2%), oil (-12.0%), cotton (-7.8%), and gold (-1.9%) decreased while rubber (+5.3%) and cocoa (+2.2%) prices increased.
20. The prices of the main food products imported by WAEMU countries also showed different trends. Wheat (-4.3%) and rice (-1.4%) prices fell, while soybean oil (+4.0%), sugar (+0.9%) and corn (+0.8%) prices rose.
21. Rice and wheat prices were affected by sluggish demand and a strong production outlook. Soybean oil prices, on the other hand, benefited from strong demand, especially with the resumption of Chinese imports. Increases in sugar prices reflected lower production in some countries (India and Brazil). Corn prices were buoyed by fears of disruptions in shipments from the United States.

### 1.3 - Inflation

22. During the first quarter of 2019, inflation pressures declined in most advanced countries, while they increased in emerging and developing countries.

**Graph 2 - Inflation rates in advanced and emerging countries (measured by the year-over-year percentage change in the Consumer Price Index (CPI))**

Source: IMF

23. In the United States, the year-over-year inflation rate came in at 1.9% at the end of March 2019, compared with 2.4% three months earlier, falling back below the FED's target rate. In the United Kingdom, the inflation rate fell by 0.5 points to 1.8% in March 2019. In contrast, in the Eurozone, inflation stabilized at 1.4%, remaining below the European Central Bank's 2.0% target.
24. Inflation picked up in the major emerging economies. In Brazil, the inflation rate rose from 3.7% at the end of December 2018 to 4.6% at the end of March 2019. In India, the year-over-year inflation rate rose to 7.7% in March 2019 from 5.2% three months earlier. In China, year-over-year price increases stood at 2.3% at the end of March 2019, from 1.9% three months earlier. In Russia, inflationary pressures continued, with the inflation rate increasing by 1 percentage point to 5.3% in March 2019 from 4.3% in December 2018.
25. In the Union's trading partner countries in West Africa, inflationary pressures eased slightly. In Ghana, inflation fell from 9.4% in December 2018 to 9.3% in March 2019. In Nigeria, it came out at 11.3%, compared with 11.4% in December 2018.

#### **1.4 - Monetary and financial conditions at international level**

##### **1.4.1 - Central bank actions**

26. Most central banks in advanced and emerging countries kept their monetary policy instruments unchanged, with the exception of India and China. In West Africa, the central banks of Ghana and Nigeria lowered their main policy rates.
27. In the U.S., the Federal Reserve left the target range for the federal funds rate unchanged at 2.25-2.50% at its May 1, 2019, meeting, as was the case at its previous two meetings (January and March 2019). Faced with signals of inflationary pressures, the Fed reiterated that it would be patient and consider future adjustments to the federal funds rate target range in light of global economic conditions and financial developments.
28. In the Eurozone, the European Central Bank (ECB) postponed the date for raising its interest rates at its latest meeting on March 7, 2019, indicating that it would keep them at their historical low levels at least until the end of the year, considering the uncertainties weighing on growth prospects in its Member States. Thus, the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility remain unchanged, at 0.00%, 0.25%, 0.25%, and -0.40% respectively.
29. The Monetary Policy Committee of the Bank of England (BoE) decided on May 2, 2019, to maintain the Institution's key rate at 0.75% and to continue the asset purchase program.
30. On January 24, 2019, the Japanese central bank (BoJ) decided to keep the short-term interest rate at -0.1% and 10-year bond yields around 0.0%.
31. In emerging countries, on January 4, 2019, the People's Bank of China (PBoC) lowered the reserve requirement ratio applicable to major financial institutions by 100 basis points to 13.50%, with a view to encouraging them to lend more to businesses and thus help boost the country's growth. On April 4, 2019, the Central Bank of India (RBI) lowered its main policy rate by 25 basis points to 6.0% due to a slowdown in growth.
32. In the West African sub-region, the Central Bank of Ghana (BoG), during its Monetary Policy Committee meeting of January 28, 2019, lowered its main policy rate by 100 basis points to 16.0%, due to a decline in inflationary pressures.
33. On March 26, 2019, the Central Bank of Nigeria (CBN) lowered its key interest rate by 50 basis points to 13.5% to boost the country's economic growth. The rate had been held at 14% since July 2016 to support the naira and curb inflation.



34. In the CEMAC Zone, the BEAC, at the meeting of its Monetary Policy Committee (MPC) on March 21, 2019, maintained its monetary policy stance unchanged. Thus, its main leading rate, the Interest Rate for Tenders (TIAO), remained set at 3.5%.

#### 1.4.2 - Trends in monetary and financial conditions

35. Financial market indexes rose, buoyed by hopes of a resolution to the trade dispute between the United States and China. However, this upward trend was dampened by fears of a slowdown in global growth.

36. On the bond markets, 10-year U.S. sovereign yields fell 26 basis points (bps) from 2.83% at the end of December 2018 to 2.57% at the end of March 2019.

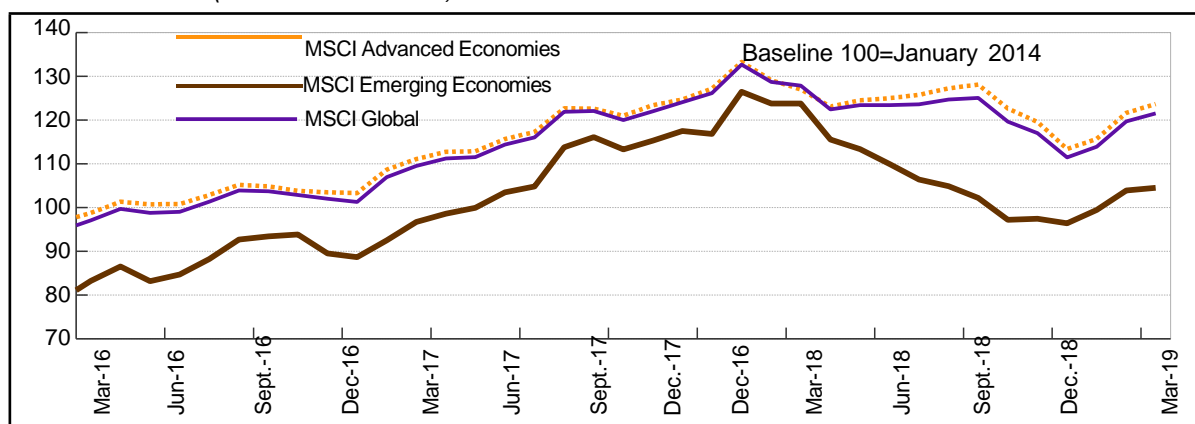
37. In the Eurozone countries, 10-year government bond yields fell to 3.77% in Greece (-54 bps), 2.53% in Italy (-41 bps), 1.33% in Portugal (-39 bps), 1.13% in Spain (-29 bps), 0.43% in France (-27 bps) and 0.6% in Germany (-20 bps).

38. On the money markets, the 3-month Euribor, the main interbank interest rate in Europe, stabilized at -0.31% in the first quarter of 2019.

39. The MSCI Advanced and Emerging Economies indexes rose by 9.1% and 8.4%, respectively. In all, the MSCI Global Index rose by 4.7% from 116.1 points in December 2018 to 121.5 points in March 2019.

**Graph 3 - Trends in MSCI indexes on international equity markets**

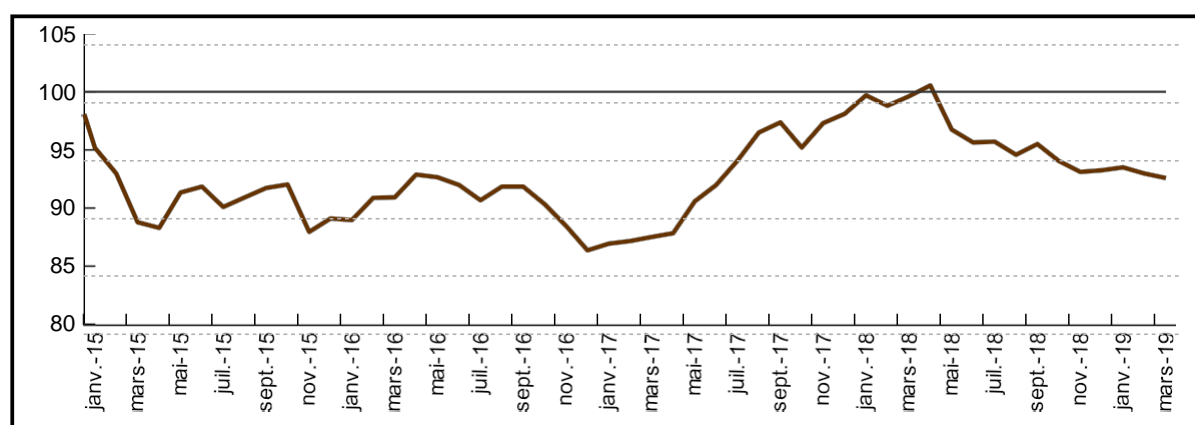
(baseline 100 = 2014)



Source: Bloomberg

40. The Eurozone's EuroStoxx 50, the London Stock Exchange's FTSE 100 and the New York Stock Exchange's Dow Jones indexes rose by 1.6%, 1.2% and 1.1% respectively. In contrast, the Nikkei 225 on the Tokyo Stock Exchange fell by 4.1%.
41. On the foreign exchange market, the euro fell against the major currencies due to fears of a slowdown in growth in the Eurozone and to political concerns, especially with the rise of euro skepticism in Italy. The euro fell against the Japanese yen (-2.9%), the British pound (-1.7%), the U.S. dollar (-0.5%) and the Swiss franc (-0.3%).

**Graph 4 - Trends in the euro/dollar exchange rate (baseline 100 = June 2010)**



Source: Bloomberg

42. Based on official data in West Africa, the CFA franc recorded contrasting trends against the subregion's other major currencies during the first quarter of 2019. The CFA franc appreciated against the Ghanaian cedi (+4.1%), the Liberian dollar (+1.7%), and the Sierra Leonean leone (+1.4%), while it weakened against the Gambian dalasi (-1.3%) and the Nigerian naira (-0.4%).

**Table 3 - Trends in the CFA franc/West African currencies exchange rate**

(Unit of foreign currency per 1,000 CFA F)

Exchange rates	2016		2017			2018			2019	Change (in %)	
	Q3	Q4	Q2	Q3	Q4	Q1	Q3	Q4	Q1	quarterly	annual
Gambian dalasi	77.2	75.6	77.6	85.9	84.8	87.1	85.8	86.5	85.4	-1.3	-2.0
Ghanaian cedi	6.7	6.6	7.1	8.1	7.9	8.3	8.3	8.4	8.7	4.1	5.1
Guinean franc	15,237.0	14,967.5	15,193.9	16,619.1	16,148.3	16,859.2	15,970.8	15,733.3	15,747.2	0.1	-6.6
Liberian dollar	163.1	163.8	185.1	212.7	219.3	240.2	273.4	273.8	278.5	1.7	15.9
Nigerian naira	512.6	501.2	510.8	563.9	548.0	571.8	541.6	532.9	530.5	-0.4	-7.2
Sierra Leonean leone	10,565.5	11,591.2	12,210.4	13,719.0	13,516.5	14,182.3	14,368.3	14,569.5	14,779.1	1.4	4.2

Source: WAMA

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

### 2.1 - Supply factors

43. Economic activity in WAEMU remained strong in the first quarter of 2019. The real GDP recorded a 6.3% increase year over year, compared with 6.4% in the previous quarter. This is consistent with the favorable opinions expressed by business leaders about overall trends in

their activities. The business climate indicator<sup>2</sup> remained above its long-term average in the first quarter of 2019.

44. By sector, growth in economic activity in the Union continued to be driven by the tertiary sector, which contributed 3.7 percentage points, compared with 3.8 percentage points in the previous quarter. The secondary and primary sectors contributed 1.5 percentage points and 1.1 percentage points, respectively, showing stability compared with the previous quarter.

**Table 4 - Contributions of business lines to quarterly GDP growth in WAEMU  
(year over year)**

*(Seasonally and working day adjusted (SA-WDC) data, in %)*

	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Primary sector	1.7	1.4	1.2	1.2	1.2	1.3	1.2	1.1	1.1
Secondary sector	1.1	1.4	1.5	1.5	1.4	1.4	1.4	1.5	1.5
Tertiary sector	3.8	4.0	4.0	3.8	3.9	3.9	3.8	3.8	3.7
<b>GDP</b>	<b>6.6</b>	<b>6.8</b>	<b>6.7</b>	<b>6.5</b>	<b>6.5</b>	<b>6.6</b>	<b>6.4</b>	<b>6.4</b>	<b>6.3</b>

Source: BCEAO

45. The table below shows trends in economic activity by country.

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

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

	2017				2017	2018				2018	2019
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1
Benin	5.4	5.7	6.0	6.2	5.8	6.8	6.8	6.8	6.9	6.8	7.1
Burkina Faso	6.2	6.2	6.2	6.4	6.3	6.6	6.7	6.6	6.4	6.6	6.0
Côte d'Ivoire	7.7	8.1	7.8	7.2	7.7	7.5	7.5	7.4	7.3	7.4	7.2
Guinea-Bissau	6.4	6.4	5.9	5.1	5.9	4.0	3.5	3.5	4.2	3.8	5.2
Mali	5.7	5.5	5.4	5.1	5.4	4.9	4.7	4.6	4.5	4.7	4.4
Niger	5.0	4.9	4.8	4.8	4.9	6.2	6.3	6.6	6.9	6.5	6.0
Senegal	6.9	7.2	7.3	7.2	7.1	6.9	6.7	6.6	6.4	6.7	6.4
Togo	4.4	4.4	4.4	4.6	4.4	4.8	4.9	5.0	4.9	4.9	5.0
<b>WAEMU</b>	<b>6.6</b>	<b>6.8</b>	<b>6.7</b>	<b>6.5</b>	<b>6.6</b>	<b>6.5</b>	<b>6.6</b>	<b>6.4</b>	<b>6.4</b>	<b>6.5</b>	<b>6.3</b>

Source: BCEAO

### 2.1.1 - Primary sector

46. In the primary sector, growth in value added slowed to 4.5% year over year in the first quarter of 2019, compared with 4.9% in the previous quarter, due to a production slowdown in the fishery industry.

<sup>2/</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.

47. The latest available statistics show that food crop production increased by 9.1% in the 2018/2019 season to 65,800,234 tons. This increase mainly reflected a 10.3% increase in cereal production and 17.1% in other crops, dominated by horticulture products.

48. Compared with the average of the previous five years, the 2018/2019 crop was up 20.9%.

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

(in tons unless otherwise indicated, updated - March 2019)

	2014/2015	2015/2016	2016/2017	2017/2018 (1)	2018/2019* (2)	Average over the past five crop years (3)	Change (in %)	
							(2)(1)	(2)(3)
Cereals	23,774,716	25,986,099	27,759,317	28,464,933	31,384,464	25,646,194	10.3	22.4
Tubers	20,802,371	19,877,438	20,994,198	22,175,602	23,109,127	20,263,766	4.2	14.0
Other crops	8,046,847	8,232,900	9,005,895	9,658,685	11,306,643	8,515,689	17.1	32.8
<b>Total</b>	<b>52,623,934</b>	<b>54,096,437</b>	<b>57,759,410</b>	<b>60,299,220</b>	<b>65,800,234</b>	<b>54,425,649</b>	<b>9.1</b>	<b>20.9</b>

Sources: National agriculture departments, BCEAO calculations

\*Estimates

49. As for the main export crops, harvests also increased in the 2018/2019 crop year compared with the previous crop year.

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

(in tons unless otherwise indicated, updated - March 2019)

	2014/2015	2015/2016	2016/2017	2017/2018 (1)	2018/2019* (2)	Average over the past five crop years (3)	Change (in %)	
							(2)(1)	(2)(3)
Cocoa	1,686,218	1,836,794	1,644,801	2,045,112	2,125,241	1,778,407	3.9	19.5
Coffee	117,867	145,658	122,611	51,523	143,675	109,890	178.9	30.7
Cotton seed	2,212,595	2,101,140	2,238,808	2,432,055	2,494,305	2,169,991	2.6	14.9
Groundnuts	2,226,285	2,720,122	2,881,855	3,185,333	3,466,749	2,651,404	8.8	30.8
Cashew	1,050,943	1,259,441	1,092,950	1,140,956	1,198,149	1,082,045	5.0	10.7
Rubber	318,897	360,000	453,040	606,420	624,136	405,680	2.9	53.8

Sources: National marketing services, BCEAO calculations

\*Estimates

50. Cocoa harvests increased by 3.9% year over year to 2,125,241 tons, due to the progressive rejuvenation of orchards using new high-yielding cocoa varieties.

51. The seed cotton harvest in the Union increased from 2,432,055 tons during the 2017/2018 season to 2,494,305 tons the following season, up 2.6%. This increase followed overall satisfactory rainfall in the production areas and the continuation of the main actions taken to support producers, in particular by providing them with inputs and appropriate technical support.

52. The quantity of groundnuts produced during the 2018/2019 season is estimated at 3,466,749 tons, up 8.8% from the previous season, due to high harvests reported in almost all the Union's Member States, as a result of generally satisfactory rainfall.

53. Cashew harvests amounted to 1,198,149 tons in the 2018/2019 season, up 5.0% from the previous season, due to favorable weather conditions in the main producing countries of the Union.

54. Rubber production also increased in the Union during the 2018/2019 season, driven by an increase in planted areas, which were estimated at 624,136 tons, up 2.9% compared with the 2017/2018 campaign.
55. Coffee production, estimated at 143,675 tons during the 2018/2019 season, was up 178.9% compared with the previous season. This increase reflected a return to normal, after a significant decline induced by significant crop losses due to heavy rains during the flowering stage of the 2017/2018 growing season.

## 2.1.2 - Secondary sector

56. In the quarter under review, value added generated by the secondary sector grew at an annual rate of 7.3%, up 0.2 pp compared with the previous quarter. The business climate indicator in the secondary sector was up by one percentage point compared with the previous quarter. This indicator remained above its long-term trend, reflecting the high levels of confidence of business leaders in the construction sector with respect to their industry, and in connection with favorable expectations for the start of new construction projects. The business climate indicator in the construction sector was up 3.5 points compared with the previous quarter.
57. The industrial production index posted a 5.2% year-over-year increase in the first quarter of 2019, compared with 5.4% achieved three months earlier. Such deceleration is mainly attributable to slowdown in the pace of growth of manufacturing production (+7.3% compared with +10.6%), especially in Côte d'Ivoire, Mali, and Togo. The trend observed in the manufacturing sector is mainly due to slowdown in the production of food and beverages (+8.7% compared with +13.9%). On the other hand, there was some acceleration in energy production (+4.9% compared with +1.0%), especially in Burkina Faso, Niger, and Senegal.

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

*(seasonally adjusted data, %)*

Industries	2017	2018	2018				2019
			Q1	Q2	Q3	Q	Q1*
Production from extractive activities	-1.1	-6.6	-0.2	-13.1	-6.2	-6.3	-5.0
incl. Crude oil and natural gas	3.3	-0.1	-7.2	-9.0	6.6	9.9	13.1
Uranium ores	-12.6	-15.9	0.9	-21.2	-19.5	-20.1	13.0
Metal ores	-1.5	-9.7	7.0	-17.7	-13.8	-12.4	-18.6
Manufacturing industries	4.0	9.5	8.3	8.7	10.3	10.6	7.3
- Food and beverage products	-6.1	13.4	9.6	11.9	18.2	13.9	8.7
- Refined petr. products	0.4	-1.4	-3.8	-2.5	2.4	-1.5	3.3
- Electricity, gas, & water	16.0	1.6	2.4	1.7	2.3	1.0	4.9
<b>Overall Index</b>	<b>7.5</b>	<b>4.5</b>	<b>5.2</b>	<b>2.0</b>	<b>5.5</b>	<b>5.4</b>	<b>5.2</b>

Source: BCEAO

(\*) Preliminary data

### 2.1.3 - Tertiary sector

58. The value added generated by the tertiary sector increased by 6.7%, on an annual basis, in the first quarter of 2019, compared with 6.8% in the fourth quarter of 2018. Compared with the previous quarter, the business climate indicator fell from its long-term trend to 98.8 points, reflecting reduced optimism among business leaders in the market services sector about sales trends and improvements in their cash position.

59. The indicator of market services turnover (excluding financial services) rose by 5.2% in the first quarter of 2019 compared with 5.7% in the fourth quarter of 2018, due in particular to moderate growth in transportation and communications services. The financial services activity index rose by 8.3% during the period under review, compared with +8.1% a quarter earlier, specifically reflecting an increase in the volume of banking transactions (credits, deposits). However, this trend was partially offset by an increase in the cost of resources (lending rate), coupled with a drop in the lending rate.

60. The retail sales index rose by 6.0% in the first quarter of 2019 compared with 7.9% in the previous quarter. The deceleration was attributable mainly to a slowdown in the growth of sales of food products (+4.8% compared with +13.9%), especially in Mali, Niger, and Togo, as well as in growth of petroleum product sales (+4.4% compared with +8.4%) mainly in Côte d'Ivoire. On the other hand, growth rates rose significantly in sales of personal goods (+18.1% compared with +9.7%) and automobiles (+11.6% compared with -3.2%).

**Table 9 - Year-over-year change in the turnover index (TI)**

(SA-WDC data, in %)

	2017	2018	2018				2019
			Q1	Q2	Q3	Q4	Q1*
<b>Trade TI</b>	<b>9.1</b>	<b>5.7</b>	<b>10.0</b>	<b>4.2</b>	<b>8.2</b>	<b>7.9</b>	<b>6.0</b>
Food products	5.9	4.6	-11.4	10.0	-0.5	13.9	4.8
Personal equipment products	1.6	3.2	5.5	-4.4	2.4	9.7	18.1
Automobiles, motorcycles, and spare parts	15.0	2.9	21.2	-9.4	6.6	-3.2	11.6
Petroleum products	11.5	11.3	13.2	9.6	14.1	8.4	4.4
Pharmaceuticals and cosmetics	7.3	12.5	7.9	18.6	13.5	10.1	6.8
<b>Trade services TI (excluding financial services)</b>	<b>-</b>	<b>8.2</b>	<b>11.7</b>	<b>9.8</b>	<b>5.9</b>	<b>5.7</b>	<b>5.2</b>
<b>Financial services TI</b>	<b>12.3</b>	<b>8.0</b>	<b>7.9</b>	<b>6.4</b>	<b>9.8</b>	<b>8.1</b>	<b>8.3</b>

Source: BCEAO

(\*) Preliminary data

## 2.2 - Demand factors

### 2.2.1 - Trends in uses of the GDP

61. Domestic demand remained the main driver of economic growth in the Union, contributing 7.7 percentage points (pps) to GDP growth in the first quarter of 2019. Specifically, the contribution of final consumption to economic expansion stood at 4.9 pps while the contribution of investment came to 2.8 pps. On the other hand, foreign trade in goods and services contributed -1.4 pp, compared with -1.9 pp in the fourth quarter of 2018.

62. Final consumption grew by 5.8%, year over year, in the first quarter of 2019, compared with 6.9% in the fourth quarter of 2018. This development was related to the drop in the growth rate of household consumption of food and petroleum products.

**Graph 5 - Contributions of demand items to GDP growth**

Source: BCEAO

63. Investments in WAEMU grew by 9.6%, year over year, in the first quarter of 2019, compared with 8.5% in the previous quarter. Growth was driven in particular by construction in the public and private sectors. Specifically, the trend observed in the public sector was correlated with the continued implementation of State infrastructure construction programs.
64. The negative contribution of foreign trade to economic growth reflected structural imbalances in trade in goods and services. The increased contribution of the external sector was correlated with a lower trade deficit, as a result of exports growing faster than imports.

### 2.2.2 - Member States' budget execution at the end of March 2019

65. The data available on budget execution in WAEMU Member States during the first three months of 2019 show a higher overall increase in revenue and grants compared with public expenditure, year over year. This increase reflects, firstly, the increased mobilization of revenue and, secondly, the lower growth rate of current and investment expenditure compared with the same period the previous year.
66. The total budget resources of the Union's Member States increased by 11.7% to stand at 3,421.4 billion at the end of March 2019, compared with a 3,063.5 billion in the same period of the previous year. This increase was caused mainly by an increase in fiscal revenues (+11.4%).
67. Non-tax revenue mobilizations also rose by 9.8% to 299.8 billion in the first quarter of 2019 from 272.9 billion a year earlier. Similarly, budgetary grants in the first three months of 2019 increased by 34.0 billion or 17.5%, compared with the same period in 2018, and reached 228.3 billion.

**Table 10 - Financial operations of WAEMU Member States***(in billions, unless otherwise indicated)*

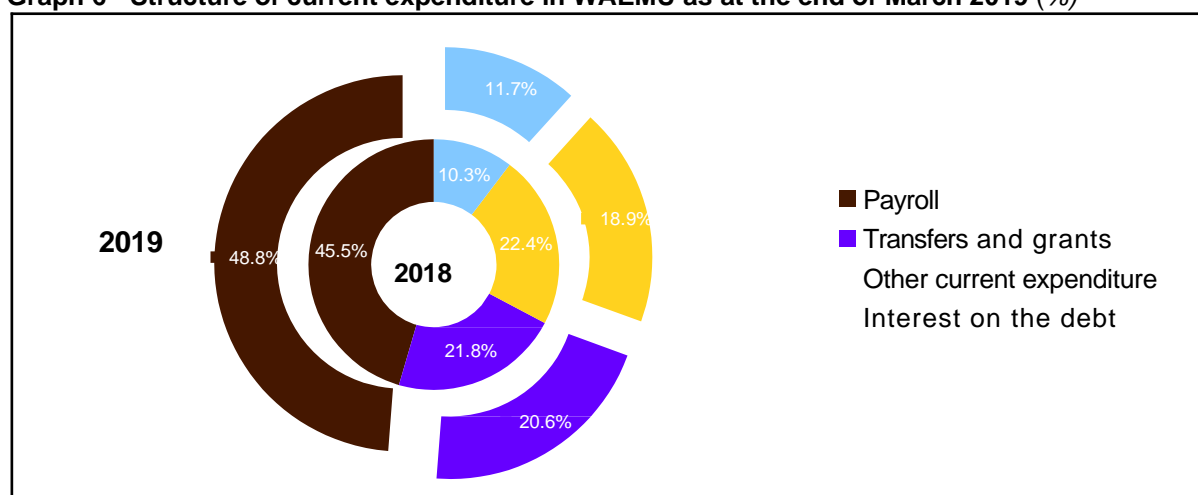
	March 2018 (1)	March 2019 (2) (*)	Change (2) - (1)	
			(In billions)	(in %)
<b>Total revenue and grants</b>	3,063.5	3,421.4	357.9	11.7
<b>Total revenue</b>	2,869.1	3,193.0	323.9	11.3
including tax revenues	2,596.2	2,893.3	297.0	11.4
Other revenues (including non-tax)	272.9	299.8	26.9	9.8
<b>Grants</b>	194.3	228.3	34.0	17.5
<b>Total expenditures and net loans</b>	3,386.4	3,530.7	144.2	4.3
including current expenditures	2,248.6	2,296.8	48.2	2.1
payroll	1,023.6	1,120.5	96.9	9.5
transfers and subsidies	489.7	474.3	-15.4	-3.1
Interest on the debt	232.5	268.4	36.0	15.5
capital expenditure	1,078.6	1,134.2	55.6	5.2
other expenditure	66.3	101.4	35.1	53.0
net loans	-7.1	-1.8	5.3	-75.2
<b>Overall balance, commitment basis, incl. grants</b>	<b>-323.0</b>	<b>-109.3</b>	<b>213.7</b>	
as a % of GDP	-1.9	-0.6	1.3	
<b>Overall balance, cash basis, including grants</b>	<b>-325.9</b>	<b>-107.4</b>	<b>218.5</b>	

Sources: National departments, BCEAO

(\*): Preliminary data

68. For their part, net expenditure and loans increased by 4.3%, from 3,386.4 billion at the end of March 2018 to 3,530.7 billion at the end of March 2019, is mainly due to increased capital expenditure (+5.2%), which was estimated at 1,134.2 billion. However, it should be noted that the rate of increase in capital expenditure clearly slowed compared with the same quarter of the previous year.

69. Current expenditures increased by 2.1%, due to a rise in payroll costs (+9.5%) and interest on the debt (+15.5%).

**Graph 6 - Structure of current expenditure in WAEMU as at the end of March 2019 (%)**

Sources: National departments, BCEAO

70. Trends in the breakdown of current expenditures were mainly driven by salaries and wages as well as interest on the debt, which represented 60.5% of current expenditures at the end of March 2019, compared with 55.8% a year earlier.



71. In the light of these developments, the overall deficit, on a commitment basis, inclusive of grants, stood at 109.3 billion or 0.6% of the GDP at the end of March 2019, compared with 323.0 billion or 1.9% of the GDP a year earlier. To cover this deficit, the States turned to the regional market as well as to external resources. In March 2019, Benin carried out its first Eurobond issue on the international markets.

### 2.2.3 - Regional public debt market

72. In the first quarter of 2019, overall gross issues on the regional public debt market amounted to 886.4 billion, up 281.4 billion from mobilizations during the same quarter of the previous year. Net issues stood at 281.2 billion at the end of March 2019 compared with -504.8 billion in the same period of the previous year.

73. In the Treasury bill segment, twenty-two issues were made for a total amount of 536.9 billion, compared with twenty-one issues worth 380.2 billion a year earlier. The 6- and 12-month maturities were the most popular, with nineteen issues worth a total of 440.9 billion, i.e., 82.1% of the total value of the bills issued during this period.

74. National treasury departments raised 349.5 billion in the bond compartment compared with 224.8 billion in the first quarter of 2018. Nineteen issues were completed, fourteen for 3-year maturities and five for 5-year maturities.

**Table 11 - Gross public securities issues on the regional market**

(in billions of CFA F)

	2017	2018				2018	2019
		Q1	Q2	Q3	Q4		Q1
Bills	1,578.2	380.2	308.9	471.3	329.0	1,489.4	536.9
Bonds	2,121.9	224.8	374.4	558.6	630.4	1,788.2	349.5
By auction	1,165.2	112.9	218.1	394.0	218.9	943.9	349.5
By syndication	958.8	111.9	156.3	164.6	411.5	844.3	-
<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>886.4</b>

Source: WAMU Securities

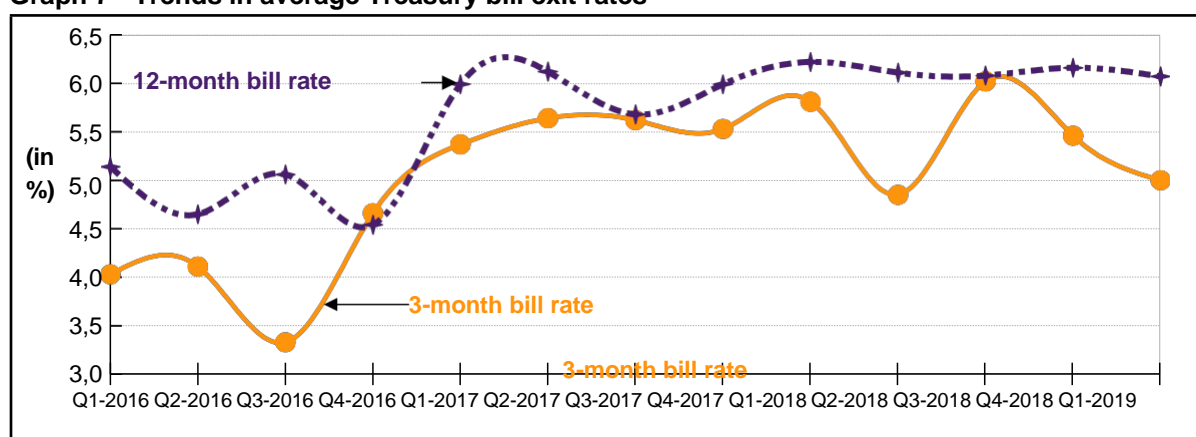
75. The average cost of resources raised by the States in the Treasury bill segment was lower, year over year. The weighted average interest rate was 5.78% in the first quarter of 2019 compared with 6.22% in the same period of the previous year.

**Table 12 - Average Interest Rates on Treasury Bills (%)**

	2017				Average 2017	2018				Average 2018	2019 Q1
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		
1 month	4.94	4.86	-	-	4.91	-	-	-	3.9	3.90	-
3 months	5.50	5.37	5.64	5.62	5.53	6.38	5.81	4.85	6.02	5.46	5.00
6 months	5.37	5.87	5.38	5.96	5.77	6.09	6.17	5.86	5.99	6.06	5.69
12 months	5.99	6.12	5.68	5.99	5.99	6.25	6.22	6.11	6.08	6.16	6.07
24 months	-	-	-	5.78	5.78	-	5.8	-	-	5.80	-
<b>Average rate</b>	<b>5.68</b>	<b>5.74</b>	<b>5.58</b>	<b>5.85</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>

Sources: BCEAO, WAMU Securities

76. The average cost of bills was stable quarter over quarter at 5.78%. The exit rate curve for 3-month Treasury bills took a downturn in the quarter under review.

**Graph 7 - Trends in average Treasury bill exit rates**

Sources: BCEAO, WAMU Securities

### **Outstanding government securities on the regional market**

77. Reflecting trends in net issues, the overall stock of government securities stood at 10,253.9 billion at the end of March 2019. The situation by country is as follows:

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

	Benin	Burkina Faso	Côte d'Ivoire	Guinea- Bissau	Mali	Niger	Senegal	Togo	WAEMU
<b>Bills</b>	159.6	299.2	349.0	20.3	197.6	231.2	0.0	98.2	1,355.1
<b>Bonds</b>	1,256.4	996.9	3,250.5	45.9	1,072.1	508.1	768.0	1,000.9	8,898.8
<b>Total</b>	<b>1,416.0</b>	<b>1,296.1</b>	<b>3,599.5</b>	<b>66.2</b>	<b>1,269.7</b>	<b>739.3</b>	<b>768.0</b>	<b>1,099.1</b>	<b>10,253.9</b>

Source: WAMU Securities

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

78. According to the outlook for financial year 2019, the total amount of resources to be mobilized on the regional market is expected to amount to 3,413.0 billion, up 4.1% compared with 2018, based on the issuance schedules collected from the Union's Member States. Maturities will reportedly stand at 2,631.4 billion and net issues at 781.6 billion, bringing the value of outstanding public securities to 10,754.3 billion at the end of December 2019, or 14.3% of the Union's GDP. In 2018, net issues amounted to 342.8 billion.

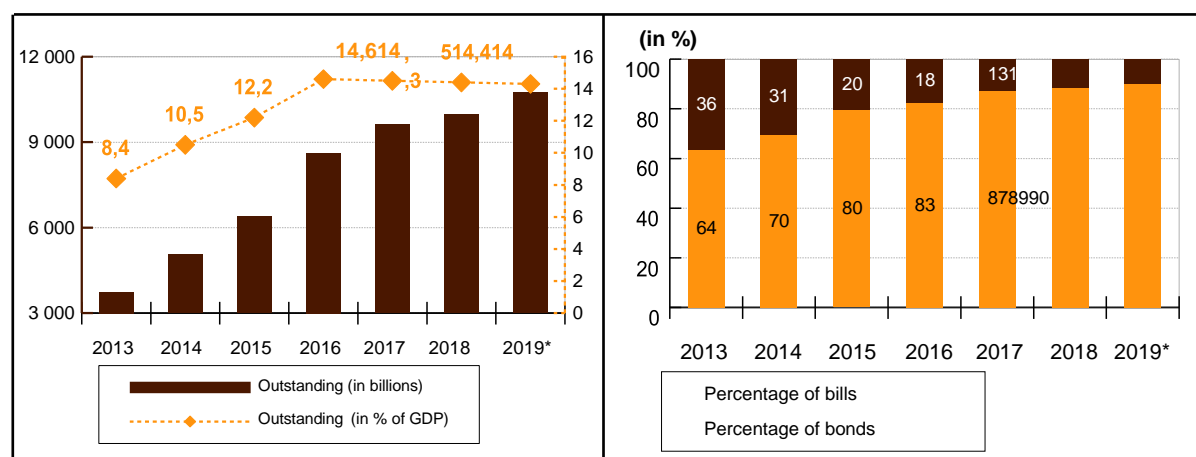
**Table 14 - Trends in outstanding public securities** (in billions, unless otherwise indicated)

	2012	2013	2014	2015	2016	2017	2018	2019 (*)
<b>Outstanding</b>	<b>3,023.9</b>	<b>3,743.9</b>	<b>5,043.2</b>	<b>6,388.5</b>	<b>8,621.4</b>	<b>9,629.9</b>	<b>9,972.7</b>	<b>10,754.3</b>
(in % of GDP)	7.3	8.4	10.5	12.2	14.6	14.5	14.4	14.3
<b>Relative share (in %)</b>								
- bills	39.0	36.3	30.5	20.3	17.5	12.7	11.0	10.0
- bonds	61.0	63.7	69.5	79.7	82.5	87.3	89.0	90.0

Source: BCEAO

(\*)forecasts

**Graph 8 - 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

79. In the first quarter of 2019, Benin raised resources on international markets through Eurobond issues for a nominal amount of 500 million euros, or 328 billion CFA francs, with a 5.75% coupon and a maximum maturity of 7 years.

## 2.2.5 - Foreign trade and intra-WAEMU trade

### 2.2.5.1 - Foreign trade

80. At the end of the first quarter of 2019, the Union's trade deficit stood at 40.3 billion, up 135.0 billion compared with the same period of 2018, due to increases in exports (+4.8%) that were greater than increases in imports (+1.3%). Overall, the rate of coverage of imports by exports was 99.0% in the first quarter of 2019 compared with 95.7% in the first quarter of 2018, an improvement of 3.3 percentage points.

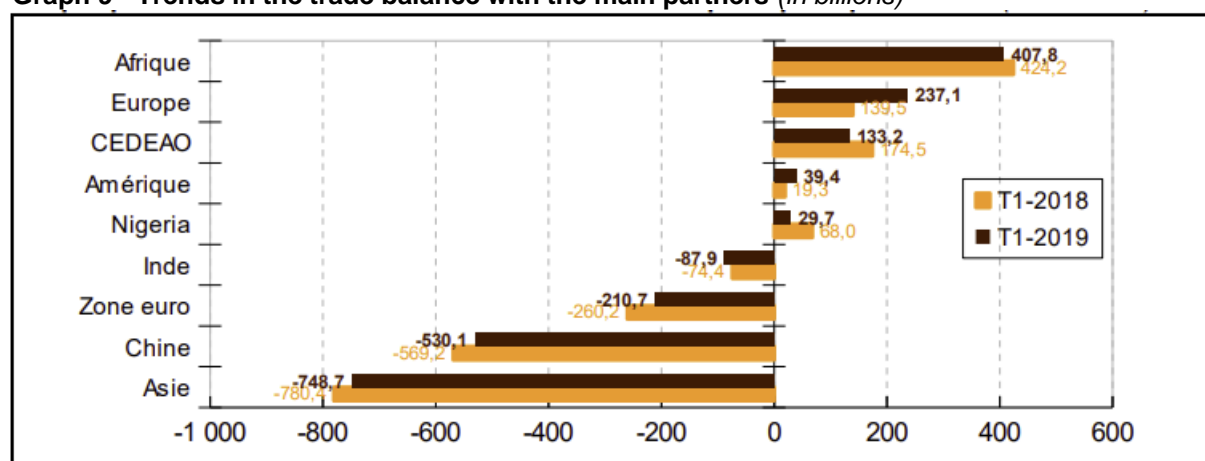
81. The vitality of exports reflected increased sales of gold (+8.8%), cocoa (+8.8%), cotton (+4.1%) and rubber (+6.4%), mainly due to favorable trends in prices for these products, with the exception of cotton. In the case of cotton, the increase in revenue was due to an increase in the volume shipped. The growth in exports was, however, mitigated by a drop in cashew sales (-17.3%), against a backdrop of falling prices on international markets.
82. The increase in imports was linked to a rise in purchases of capital and intermediate goods (+3.7%), driven by strong public and private investment, against the backdrop of a decline in supplies of food products and current consumer goods (-0.2%), due to lower prices on international markets, especially for rice and oils.

**Table 15 - Trends in trade in the Union in the first quarter of 2019**

	Q1-2018	Q1-2019*	Annual variation	
	(in billions)		(in billions)	(in %)
<b>Exports (FOB)</b>	<b>3,853.3</b>	<b>4,040.0</b>	<b>186.7</b>	<b>4.8</b>
<i>incl. Cocoa products</i>	953.0	1,036.4	83.4	8.8
<i>Gold and precious metals</i>	954.8	1,038.8	84.0	8.8
<i>Petroleum products</i>	346.0	352.2	6.2	1.8
<i>Cotton products</i>	229.1	238.6	9.5	4.1
<i>Coffee products</i>	19.1	22.4	3.3	17.3
<i>Cashew products</i>	154.6	127.9	-26.7	-17.3
<i>Rubber</i>	106.9	113.7	6.8	6.4
<i>Uranium</i>	15.2	12.1	-3.1	-20.4
<b>Imports (FOB)</b>	<b>4,028.6</b>	<b>4,080.3</b>	<b>51.7</b>	<b>1.3</b>
<i>incl. Food products</i>	1,065.8	1,053.6	-12.2	-1.1
<i>Consumer goods</i>	358.4	368.2	9.8	2.7
<i>Energy products</i>	838.1	820.6	-17.5	-2.1
<i>Capital goods</i>	1,028.3	1,066.1	37.8	3.7
<i>Intermediate goods</i>	935.9	969.9	34.0	3.6
<b>Trade balance</b>	<b>-175.3</b>	<b>-40.3</b>	<b>135.0</b>	<b>77.0</b>

Sources: BCEAO, NSIs, Customs - NB: Imports are in CIF value, unless otherwise indicated - (\*) estimates

83. Analysis of geographical trends in the Union's trade balance during the period under review reveals a trade surplus with Africa, Europe, and America, but a trade deficit with Asia.
84. The Union's trade balance with its main African partners showed a surplus of 407.8 billion, including 301.3 billion with South Africa, in line with gold shipments to that country by Burkina Faso and Mali. With regard to the other ECOWAS countries, the balance showed a surplus of 133.2 billion. More specifically, the Union recorded a surplus of 29.7 billion with Nigeria and 45.0 billion with Ghana. Sales to these countries included petroleum products, live animals, chemicals, and food products. The external purchases of the Union's countries from other African countries consisted exclusively of energy products and intermediate goods.

**Graph 9 - Trends in the trade balance with the main partners (in billions)**

Sources: BCEAO, NSIs, Customs

85. The Union's trade with European countries showed a surplus of 237.1 billion, due to a surplus of 494.2 billion with countries not belonging to the Eurozone, notably Switzerland (+585.6 billion). This favorable position was, however, moderated by a deficit with the Eurozone (-210.7 billion), which mainly supplied the Union with capital and intermediate goods, food products (especially wheat and dairy products) and refined oil products. Sales to the Eurozone largely involved cocoa, crude oil, fishery products and uranium. Exports of goods to other European countries outside the Eurozone consisted mainly of gold and cotton. Imports from these countries consisted mainly of intermediate goods, refined petroleum products and foodstuffs.

**Table 16 - Geographic trends in WAEMU's foreign trade flows (%)**

	Export		Imports		Foreign trade (Exports and Imports)	
	Q1-2018	Q1-2019	Q1-2018	Q1-2019	Q1-2018	Q1-2019
<b>I. Europe</b>	<b>45.0</b>	<b>45.8</b>	<b>39.6</b>	<b>39.5</b>	<b>42.2</b>	<b>42.7</b>
Eurozone	25.9	26.2	31.2	31.1	28.6	28.6
<b>II. Africa</b>	<b>26.8</b>	<b>26.7</b>	<b>15.1</b>	<b>16.5</b>	<b>20.8</b>	<b>21.6</b>
ECOWAS	13.4	13.1	8.5	9.7	10.9	11.4
Nigeria	8.5	8.3	6.4	7.5	7.4	7.9
Ghana	3.4	3.3	2.0	2.2	2.7	2.7
CEMAC	0.7	0.7	0.1	0.1	0.4	0.4
Other African countries	12.7	12.9	6.5	6.6	9.5	9.8
South Africa	8.9	9.2	1.7	1.7	5.2	5.4
<b>III. America</b>	<b>9.0</b>	<b>9.1</b>	<b>8.1</b>	<b>8.0</b>	<b>8.5</b>	<b>8.5</b>
United States	5.7	5.8	4.2	4.0	4.9	4.9
<b>IV. Asia</b>	<b>17.8</b>	<b>17.0</b>	<b>36.4</b>	<b>35.2</b>	<b>27.3</b>	<b>26.1</b>
China	1.9	1.9	16.0	14.9	9.1	8.4
India	4.8	4.5	6.5	6.6	5.7	5.6
<b>V. Other countries</b>	<b>1.4</b>	<b>1.3</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</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

86. The Union's trade surplus with the American continent amounted to 39.4 billion. Exports to the Americas consisted of cocoa, crude oil, and rubber. The Union's purchases from America consisted of consumer goods, capital goods and refined petroleum products.
87. Trade with Asia showed a deficit of 748.7 billion. More specifically, the Union reported a trade deficit of 530.1 billion with China. Sales to Asia consisted mainly of cashew nuts, cotton, gold, cocoa, and chemicals. Imports consisted mainly of capital and intermediate goods and 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

88. Intra-WAEMU trade is estimated to have risen by 3.0% to 653.7, or 16.1% of the Union's total trade volume. Côte d'Ivoire and Senegal remained the main suppliers, with a combined 55.4% of total intra-Community supply. On the intra-WAEMU demand side, Mali and Burkina Faso were the main destinations for trade flows, with 51.6% of the total. The main products traded were oil, food preparations (milk, broths, etc.), commodities (cereals, live animals), edible oils and construction materials.

### 2.3 - Recent economic growth and outlook

89. Based on the latest statistics published by official national departments, economic activity remained solid in the Union in 2018, with real GDP growth of 6.5%, compared to 6.6% in 2017. The increase in output was driven in particular by the strong performance of commercial activities and construction and public works, the vitality of services as well as the stronger agricultural and manufacturing production. Economic growth was mainly driven by the tertiary sector, with a contribution of 3.5 points. The contributions of the secondary and primary sectors amounted to 1.6 and 1.4 points, respectively.

Table 17 - Growth rates in WAEMU Member States (in %)

	2017	2018		2019 <i>Forecast</i>
		<i>Estimates (March 2019 Report)</i>	<i>Revised estimates</i>	
Benin	5.8	6.8	6.8	7.6
Burkina Faso	6.3	6.6	6.6	6.4
Côte d'Ivoire	7.7	7.7	7.4	7.5
Guinea-Bissau	5.9	3.8	3.8	6.3
Mali	5.4	4.9	4.7	4.9
Niger	4.9	5.2	6.5	6.8
Senegal	7.1	6.8	6.7	6.9
Togo	4.4	4.8	4.9	5.1
<b>Union</b>	<b>6.6</b>	<b>6.6</b>	<b>6.5</b>	<b>6.7</b>

Sources: BCEAO, NSIs

90. Compared to the estimates presented in the March 2019 report, the latest data showed a downward revision of economic performances in Côte d'Ivoire, Mali, and Senegal, which were partially offset by improved growth in Niger and Togo.
91. In Côte d'Ivoire, real GDP grew by 7.4% in 2018, 0.3 percentage points less than initially expected. This was due to lower domestic and external demand as well as a 3.6% decline in gold production due to strikes in the sector.
92. In Mali, a 0.2 percentage point decline from previous estimates was due to the fact that the latest figures for seed cotton production, estimated at 700,000 tons for the 2018/2019 season, down 35,000 tons from provisional estimates, were taken into account.
93. In Senegal, economic activity increased by 6.7% in 2018 compared with the previously reported 6.8%. This was due, in particular, to the smaller than expected increase in groundnut production. Groundnut harvests, which were initially expected to increase by 7.3%, only increased by 1.9% during the 2018/2019 growing season.
94. On the other hand, economic growth was higher than expected in Togo, where the real GDP grew by 4.9%, 0.1 percentage point more than expected. This increased growth was ascribable to a larger increase in agricultural production during the 2018/2019 growing season.
95. In Niger, the latest estimates from official national departments forecast 6.5% economic growth in 2018, compared with a previously reported rate of 5.2%. This growth was due to higher-than-expected agricultural production during the 2018/2019 growing season.
96. Economic growth is expected to remain strong and broad-based in 2019 in the WAEMU region. According to projections by official departments, the Union's gross domestic product is expected to grow by 6.7% in real terms. Economic growth is expected to be driven mainly by the tertiary and secondary sectors whose contributions to growth are predicted to stand at 3.8 points and 1.9 points, respectively. The tertiary sector is expected to be supported in particular by the expansion of banking and telecommunications services and by increased trade activities. Growth in the value added of the secondary sector is expected to be driven by intensified construction and public works activity in most Union Member States and increasing mining and manufacturing production. The primary sector is expected to contribute 1.0 percentage point in 2019.

**Table 18 - Contributions to growth in the Union's gross domestic product**

	<b>2017</b>	<b>2018</b>	<b>2019</b>
Primary sector	1.8	1.4	1.0
Secondary sector	1.2	1.6	1.9
Tertiary sector	3.6	3.5	3.8
<b>Real GDP</b>	<b>6.6</b>	<b>6.5</b>	<b>6.7</b>
Final consumption	4.1	5.0	4.6
Investment	2.2	2.4	2.5
External sector	0.3	1.4	2.0
including Exports	2.4	2.3	2.4

Source: BCEAO

97. The consolidation of the economic performance of the Union's Member States, in an international context marked by persistent risk factors, will require the Union's Member States to give priority to current actions aiming at the following:

- consolidating the implementation of the necessary reforms to improve the business climate in order to attract more private investors, especially in the agri-food and manufacturing industries, with a view to strengthening the production base over the long term, and
- increasing public resources, in particular through targeted actions aimed at broadening the tax base and bringing the tax burden ratio in line with the Community's target of 20% by the end of 2019, as well as further streamlining public spending for greater efficiency.

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

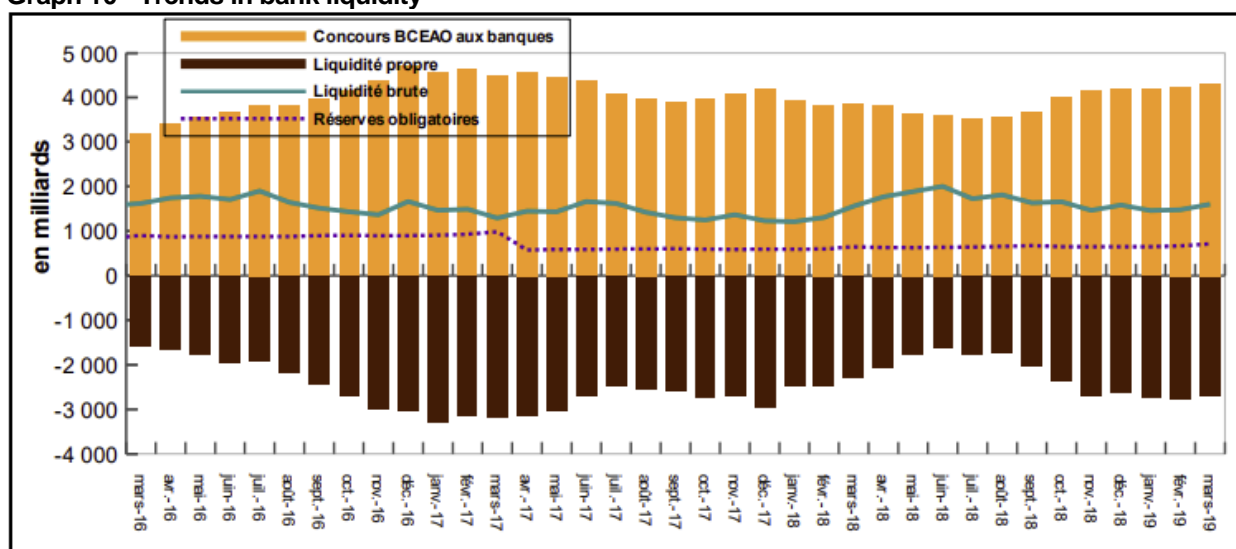
#### 3.1 - Monetary conditions

##### 3.1.1 - Bank liquidity

98. Bank liquidity, measured through the balances of ordinary and settlement accounts on the books of the Central Bank, increased by 19.2 billion during the first quarter of 2019 to reach 1,600.9 billion at the end of March 2019. This increase resulted from higher levels of outstanding refinancing granted by the BCEAO over the period (+119.3 billion), partially offset by the negative impact of independent factors (-100.1 billion).

99. The drop in the banks' independent supply of liquidity was caused by the deficit balances of transfers initiated by banks (-144.5 billion) as well as transactions with national treasury departments and other net factors (-60.0 billion). Their impact was reduced, however, by returns of banknotes to bank counters (+104.4 billion).

**Graph 10 - Trends in bank liquidity**



Source: BCEAO

100. The structural liquidity position of the banks or banks' own cash, defined as banks' cash excluding refinancing from the BCEAO, remained in deficit by 2,714.6 billion at the end of March 2019 compared with 2,614.5 billion three months earlier.

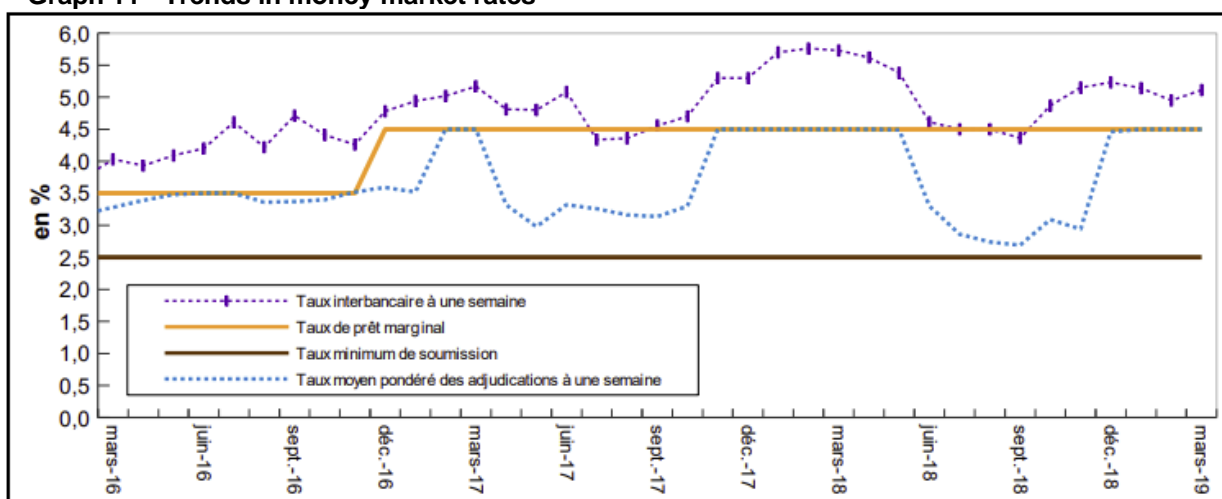


101. The reserve requirements of the banks over the maintenance period from February 16 to March 15, 2019, stood at 714.8 billion. Over the same period, the reserves held by banks averaged 1,397.9 billion, exceeding the minimum regulatory requirement by 683.1 billion.
102. Compared with the situation in the maintenance period from November 16 to December 15, 2018, excess reserves decreased by 83.1 billion. They account for 95.5% of required reserves compared with 118.4% in the previous quarter. The number of banks with a shortfall in required reserves fell from fourteen to six over the same period.

### 3.1.2 - Trends in money market interest rates

103. An analysis of refinancing conditions at BCEAO's one-week and one-month tender windows during the first quarter of 2019 showed continued pressure on money market rates.
104. The weighted average rate on weekly liquidity injection operations was 4.5000% in the first quarter of 2019 compared with 4.0149% in the previous quarter and 4.5000% a year earlier. On the one-month window, the weighted average rate was 4.5000% compared with 3.9677% in the fourth quarter of 2018. In the same period of 2018, the rate was 4.5000%. As for the quarterly average money market rate<sup>3</sup>, it stood at 4.5000% compared with 3.4531% in the previous quarter and 4.5000% a year earlier.

**Graph 11 - Trends in money market rates**



Source: BCEAO

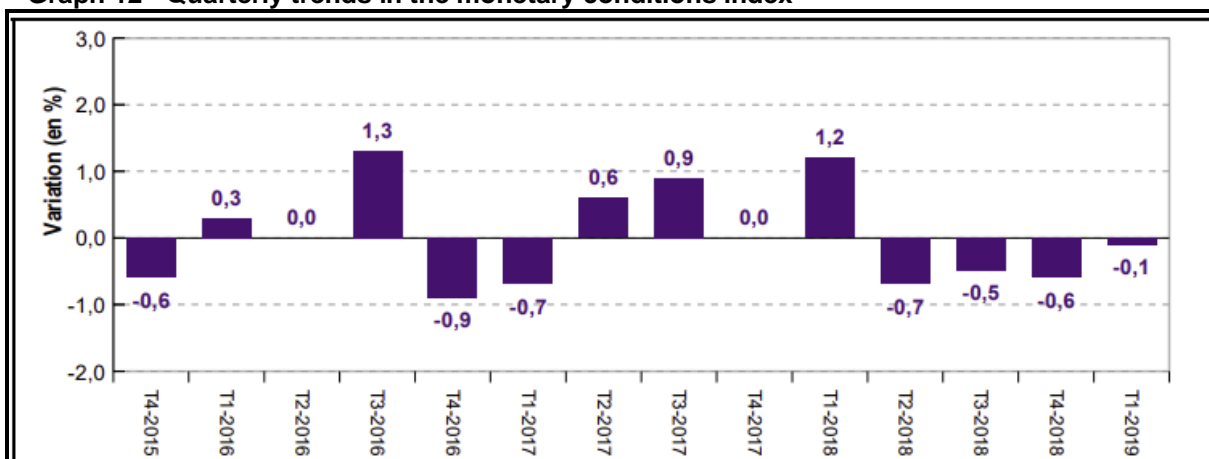
105. Rates dropped slightly on the interbank market during the period under review. The weighted average interest rate, across all maturities, was 5.0701% compared with 5.0931% a quarter earlier. It was also down 53 basis points from its level in the first quarter of 2018 (5.5968%). On the one-week maturity, which totaled 75% of overall quarterly trading volume, the weighted average interest rate was 5.06%, following 5.13% in the previous quarter and 5.73% a year earlier.

<sup>3</sup> The 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.

### 3.1.3 - Trends in monetary conditions<sup>4</sup>

106. Monetary conditions continued to ease for the fourth consecutive quarter. The monetary conditions index dropped by 0.1% from the previous quarter, reflecting a decrease in the real effective exchange rate (-0.9%), which was offset by an increase in the real interest rate on the one-week interbank market (+0.8 percentage points).

**Graph 12 - Quarterly trends in the monetary conditions index**

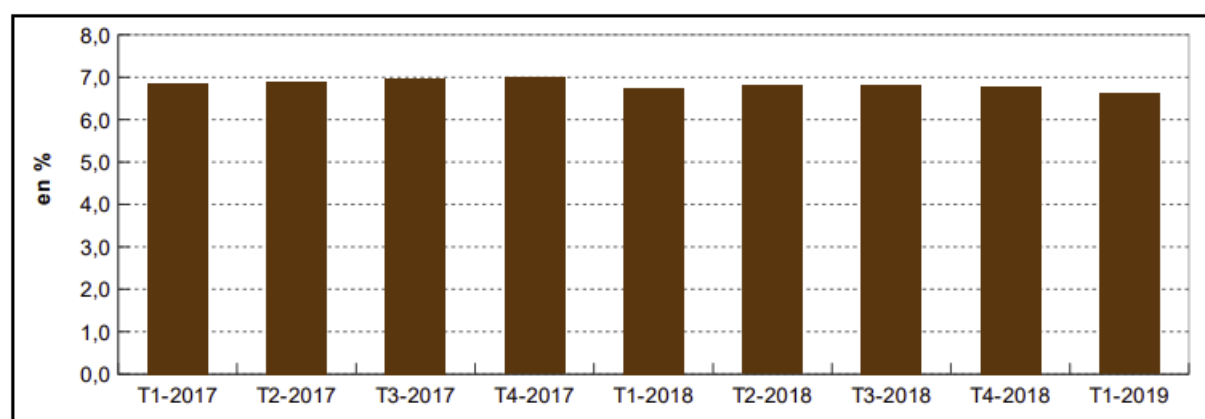


Source: BCEAO

### 3.1.4 - Deposit and lending rates

107. The average lending rate, excluding taxes and fees, decreased from its level in the previous quarter by 18 basis points, to stand at 6.61% in the first quarter of 2019. This decline reflected the relatively low rates applied to loans to the government and related agencies in the first quarter of 2019.

**Graph 13 - Average lending rates for WAMU banks**



Source: BCEAO

108. An analysis broken down by loan purpose indicated that lending rates showed contrasting trends in the first quarter of 2019 in reference to the previous quarter. Rates decreased for export loans (-41 bps), cash flow loans (-30 bps) and equipment loans (-3 bps) but increased for housing and consumer loans by 36 and 28 bps, respectively.

<sup>4</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).

**Table 19 - Trends in lending rates in WAEMU according to the purpose of the loan (%)**

	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Housing	7.74	8.25	7.93	8.10	7.87	7.69	7.65	7.27	7.63
Exports	6.99	6.62	7.96	8.56	7.18	6.61	6.51	7.37	6.96
Equipment	7.94	7.16	7.39	7.74	7.93	8.12	7.63	7.45	7.42
Consumption	8.11	8.34	8.29	7.99	7.87	8.21	8.23	7.94	8.21
Cash flow	6.32	6.51	6.56	6.64	6.29	6.23	6.26	6.43	6.13
Other	7.75	7.26	7.38	7.23	6.74	7.21	7.45	7.00	7.31
<b>All</b>	<b>6.85</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>

Source: BCEAO

109. By country, lending rates fell in Guinea-Bissau (-91 bps), Senegal (-67 bps), Mali (-15 bps), Benin (-9 bps) and Togo (-2 bps). On the other hand, increases in the cost of access to bank loans were reported in Niger (+72 bps), Burkina Faso (+21 bps) and Côte d'Ivoire (+11 bps).

**Table 20 - Trends in lending rates in WAMU by country (in %)**

	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Benin	7.61	7.93	7.96	7.84	7.91	8.22	7.71	7.53	7.43(*)
Burkina Faso	7.49	6.83	7.45	7.35	7.51	7.45	7.53	7.30	7.51
Côte d'Ivoire	6.22	6.49	6.40	6.51	6.22	6.27	6.49	6.34	6.45
Guinea-Bissau	8.85	9.65	8.50	9.58	8.22	9.42	9.68	8.79	7.88
Mali	8.27	7.79	7.86	8.06	7.98	7.66	7.91	7.90	7.76(*)
Niger	9.24	10.01	10.14	9.40	9.61	9.10	9.65	8.72	9.44
Senegal	5.69	5.93	5.94	6.29	5.79	5.81	5.71	6.21	5.53
Togo	8.23	7.69	8.22	8.33	8.26	8.50	8.09	7.82	7.80
<b>WAEMU</b>	<b>6.85</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>

Source: BCEAO

(\*): Provisional

110. The average lending rate was higher in the first quarter of 2019, standing at 5.97% compared with 5.54% in the previous quarter.

**Table 21 - Trends in lending rates in WAMU by country (in %)**

	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Benin	6.16	5.83	5.56	5.80	5.21	5.72	6.10	5.87	5.85(*)
Burkina Faso	5.55	5.52	5.74	5.77	5.76	5.37	5.78	5.84	6.07
Côte d'Ivoire	4.99	5.07	4.97	4.92	4.80	4.96	5.04	5.11	4.84
Guinea-Bissau	3.44	3.70	4.73	3.88	3.79	4.85	4.67	3.83	3.51
Mali	5.10	4.91	4.90	4.86	4.95	4.91	4.82	5.12	5.01(*)
Niger	6.03	6.04	5.32	5.42	5.20	5.81	5.71	6.05	5.57
Senegal	4.92	5.32	5.17	5.46	5.41	5.29	5.65	5.46	5.62
Togo	5.44	5.42	5.42	5.34	5.49	5.91	5.63	5.76	5.63
<b>WAEMU</b>	<b>5.17</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>5.97</b>

Source: BCEAO

(\*): Provisional

## 3.2 - Monetary situation

111. The Union's monetary situation at the end of March 2019, compared with that prevailing three months earlier, was characterized by near stability in the money supply, due to increased external assets offset by a decline in domestic claims.

**Table 22 - Monetary situation at the end of March 2019** (*in billions, unless otherwise indicated*)

	March- 2018	Sept.- 2018	Dec.- 2018	March- 2019	Quarterly change (4)/(3)		Year-over-year change (4)/(3)	
	(1)	(2)	(3)	(3)	(amount)	(in %)	(amount)	(in %)
Money supply	25,598.5	26,020.3	27,723.7	27,766.5	42.8	0.2	2,168.0	8.5
Net external assets	6,784.2	5,093.1	5,375.1	5,713.6	338.5	6.3	-1,070.6	-15.8
Domestic claims	26,236.1	27,950.1	30,023.9	29,742.8	-281.1	-0.9	3,506.7	13.4
Net claims on CPAs*	6,077.3	7,455.0	8,112.6	7,979.1	-133.5	-1.6	1,901.8	31.3
Claims on the economy	20,158.7	20,495.2	21,911.4	21,763.6	-147.8	-0.7	1,604.9	8.0

Source: BCEAO

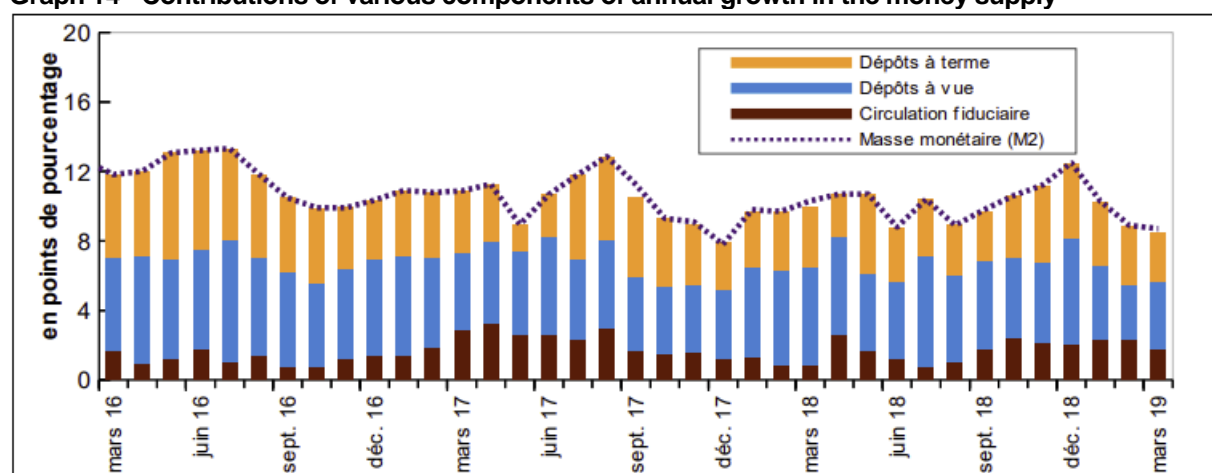
(\*) CPAs: Central Public Administrations

### 3.2.1 - The money supply and its components

112. Quarterly growth in the money supply slowed in the first quarter of 2019 to 0.2% at the end of March 2019, compared with 6.5% at the end of December 2018. On an annual basis, the money supply recorded an increase of 8.5% compared with 12.5% three months earlier.

113. The year-over-year increase in the money supply was reflected in the trends of currency in circulation and deposits. The year-over-year growth rate of currency in circulation was 7.6% at the end of March 2019, compared with 8.7% at the end of December 2018. As for deposits, they were up by 8.7%, year over year, following a 13.6% increase in the previous quarter.

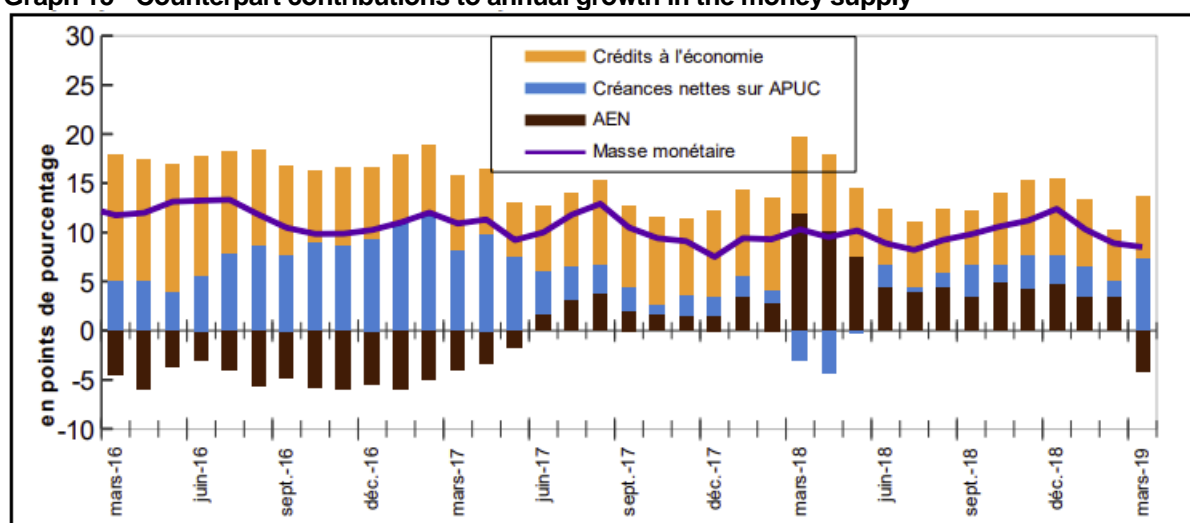
**Graph 14 - Contributions of various components of annual growth in the money supply**



Source: BCEAO

### 3.2.2 - Money supply counterparts

114. The increase in the money supply in the first quarter of 2019 was attributable exclusively to increases in net external assets.

**Graph 15 - Counterpart contributions to annual growth in the money supply**

Source: BCEAO

**Net External Assets (NEAs)**

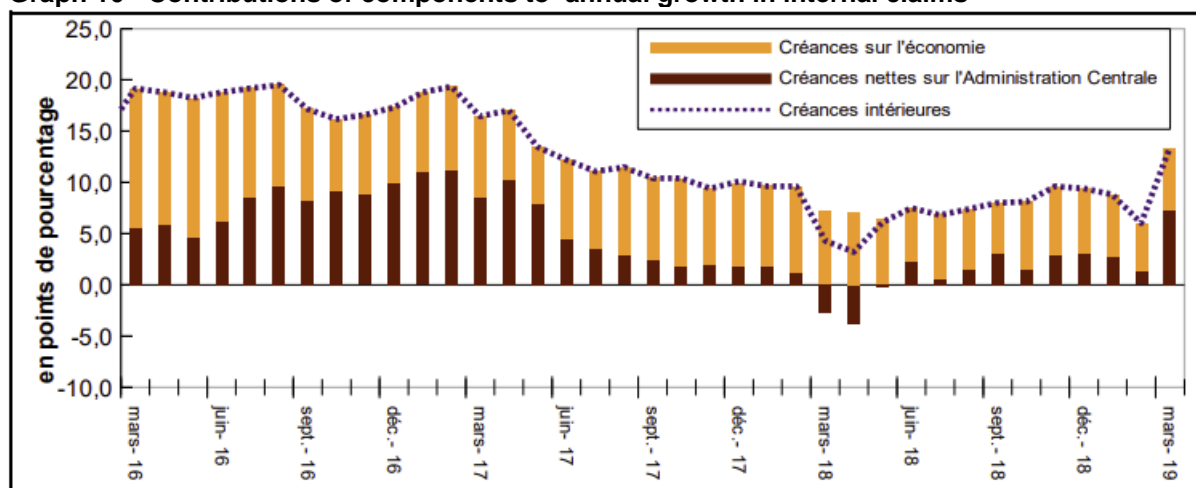
115. At the end of March 2019, the outstanding net external assets of deposit-taking institutions in WAMU increased by 338.5 billion, following an increase of 282.0 billion in the previous quarter. This increase was attributable to growth in both the net external assets of the Central Bank and the banks' net external assets.
116. The BCEAO's NEAs amounted to 6,815.1 billion at the end of March 2019, up by 230.6 billion from the level recorded three months earlier. This reflected an increase in external assets (+313.6 billion), partially offset by an increase in external liabilities (+83.0 billion). At the end of March 2019, the Union's foreign exchange reserves amounted to 8,874.5 billion, reflecting a monetary issue coverage rate of 76.6% compared with 77.1% three months earlier. This level of foreign reserves guaranteed 4.9 months of imports of goods and services compared to 4.7 months at the end of December 2018.
117. As for the banks' NEAs, they improved by 107.9 billion in the first quarter of 2019, driven by a larger contraction in external liabilities (-174.7 billion) than in external claims (-66.8 billion) over the period.
118. On an annual basis, the net external assets of the Union's deposit-taking institutions deteriorated by 1,070.6 billion at the end of March 2019, reflecting the combined decline in BCEAO's NEAs (-689.7 billion) and banks' NEAs (-380.9 billion) over the period.

**Domestic claims**

119. Quarterly growth in domestic claims came out negative at -0.9% at the end of March 2019, following a 7.4% increase three months earlier. This quarter-on-quarter change was due to a decrease in claims on the economy (-147.7 billion or -0.7%), combined with a decline in net claims of deposit-taking institutions on the central public administrations (CPAs) of the Union's Member States (-133.5 billion or -1.6%).
120. In terms of annual change, outstanding domestic claims increased by 13.4% at the end of March 2019, compared with 9.4% three months earlier. This strong increase was mainly attributable to greater net claims on central public administrations (+31.3% compared with +11.5% three months earlier) and to the strong performance of claims on the economy

(+8.0% compared with +8.7% three months before). The contributions of claims on the economy and net claims on central public administrations to annual growth in domestic claims at the end of March 2019 were 6.1 percentage points (pps) and 7.3 pps compared with 6.4 pps and 3.0 pps, respectively, at the end of December 2018.

**Graph 16 - Contributions of components to annual growth in internal claims**



Source: BCEAO

### **Net claims on central governments of Member States**

121. Net claims of deposit-taking institutions on central public administrations (CPAs) fell by 1.6% in the first quarter of 2019, quarter over quarter, compared with an 8.8% increase in the previous quarter. This change was mainly due to a deflation of BCEAO's net claims on central public administrations (-94.9% or -249.5 billion), partially offset by an increase in banks' net claims on central public administrations (+1.5% or +116.1 billion) over the period.

### **Claims on the economy**

122. In the first quarter of 2019, quarterly growth in claims on the economy came to -0.7% (-147.8 billion) compared with +6.9% (+1,416.2 billion) three months earlier. By category of beneficiary, bank loans granted to public corporations increased by 3.1% or 51.0 billion from one quarter to the next, while those granted to the private sector contracted by 1.2% or 230.7 billion over the same period. The reduction in credit to the private sector was driven by declines in bank credit to private nonfinancial enterprises (-1.3% or -158.7 billion) and to households and nonprofit institutions (-1.1% or -72.0 billion).

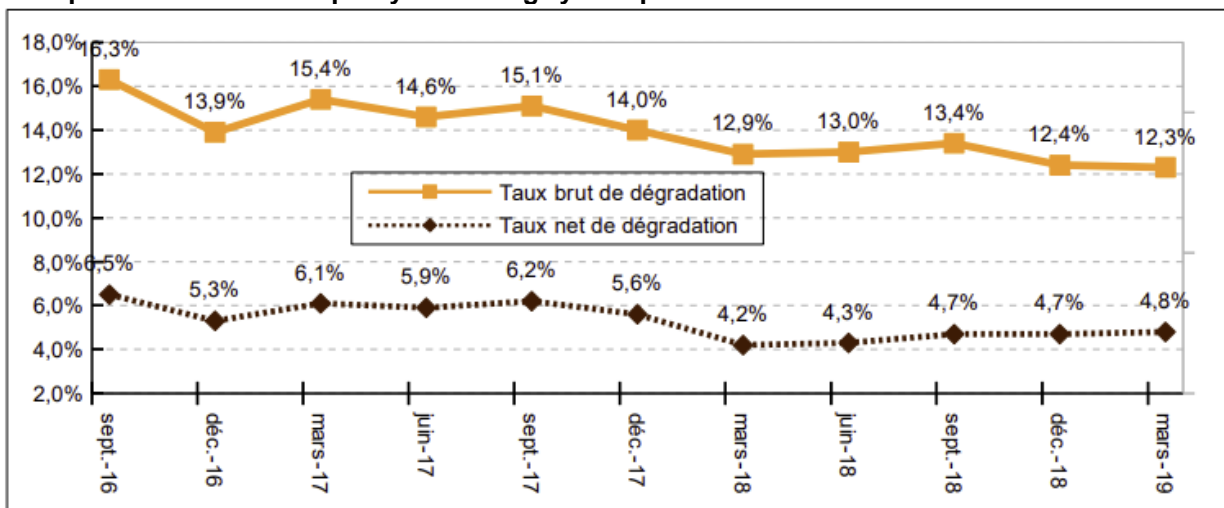
123. Year over year, claims on the economy increased by 8.0% or +1,604.9 billion at the end of March 2019, compared with 8.7% or +1,750.2 billion at the end of December 2018.

### **3.2.3 - Bank resources and uses**

124. The activity of the Union's banking system during the first quarter of 2019 was characterized by a greater increase in uses than in resources, leading to a worsening of the structural cash deficit compared with the previous quarter. However, the quality of the portfolios of credit institutions was almost stable over the period.

125. Between December 2018 and March 2019, banking system uses increased slightly (+844.1 billion or +2.6%) to 33,505.7 billion at the end of the period. This increase was mainly the result of the “other uses” item (+804.5 billion or +6.8%) including investment securities (+518.7 billion) held at the end of the period under review.
126. Over the same period, bank resources increased slightly by 784.9 billion (+2.7%) to 30,408.4 billion at the end of March 2019. This increase was essentially linked to an increase in the outstanding amount of term deposits (+280.5 billion or +4.0%) and various resources (+598.4 billion or +32.0%).
127. The total outstanding loans granted to the 50 largest businesses using bank credit (LBUBCs) in each Member State of the Union stood at 6,466.4 billion at the end of March 2019, compared with 6,253.2 billion at the end of December 2018 and 5,922.4 billion at the end of March 2018, i.e., up 3.4% in quarterly variation and 9.2% year over year. As a proportion of the loans declared to the Union’s central credit bureau, they reportedly represented 47.7% at the end of March 2019 compared with 48.5% at the end of December 2018. At the sector level, more than four-fifths of the large risks were borne by companies operating in the following sectors: “wholesale trade” (26.7%), “community services” (18.4%), “manufacturing” (14.7%), “transportation and communications” (11.3%), and “construction and public works” (10.6%).
128. The quality of the portfolios of banks and bank-like financial institutions in the Union improved slightly between December 2018 and March 2019, with the gross portfolio impairment rate falling from 12.4% to 12.3%. The net rate, taking into account the provisioning effort, stood at 4.8% compared with 4.7% three months earlier.

**Graph 17 - Trends in the quality of banking system portfolios in WAMU**



Source: BCEAO

129. The year-over-year trends in banking activity were marked by an increase in uses that was +3,183.6 billion (+10.5%) greater than the increase in resources by +2,756.8 billion, (+10.0%). Consequently, the structural deficit of the Union’s credit institutions widened by 426.6 billion or +16.0%, year over year, to stand at -3,097.0 billion.



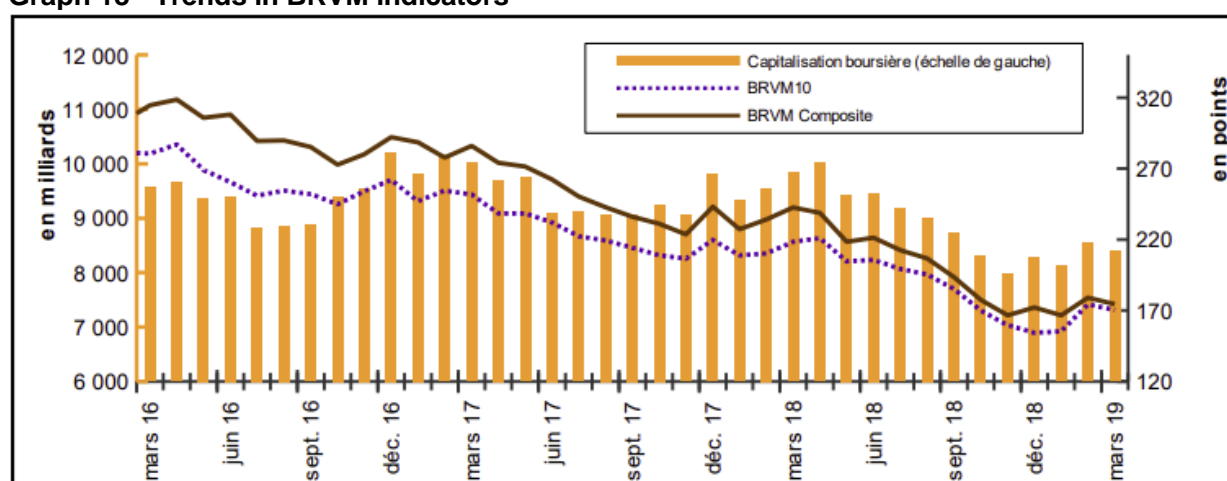
### 3.2.4 - Central Bank Interventions

130. The overall volume of BCEAO interventions amounted to 6,267.8 billion at the end of March 2019 compared with 6,174.4 billion three months earlier, up 93.3 billion. This change was attributable to an increase in refinancing granted by the Central Bank to banks and financial institutions in the Union (+119.3 billion), partially offset by decreases in the Central Bank's claims on national treasuries (-26.0 billion).
131. At the end of March 2019, outstanding loans granted by the Central Bank to banks and financial institutions stood at 4,315.5 billion compared with 4,196.2 billion three months earlier.
132. The decline in the Central Bank's claims on national treasuries over the period was due to a decline in the implementation of IMF loans (-3.0 billion), combined with the repayment of loans backed by SDR allocations (-19.0 billion) and consolidated monetary loans (-0.7 billion).
133. Outstanding refinancing granted by the BCEAO to banks and backed by government securities stood at 3,118.7 billion at the end of March 2019, representing 31.0% of fiscal revenues for the penultimate fiscal year (2017), for a maximum standard of 35%. During the same period of the previous year, it stood at 2,954.5 billion, or 30.4% of the tax revenue for fiscal year 2016.

### 3.3 - WAMU financial market

134. Sub-regional stock market activity recorded a slight recovery in the first quarter of 2019. The BRVM Composite index rose by 1.3% to close at 174.50 points at the end of March 2019 compared with 172.24 in December 2018. For its part, the BRVM10, the index of the ten most active stocks, was up 10.3% to 170.32 points from 154.36 points three months earlier. On an annual basis, the BRVM Composite and BRVM10 indexes fell by 28.1% and 22.0% respectively.

**Graph 18 - Trends in BRVM indicators**



Source: BRVM

135. With the exception of the "Public Services" index (+17.7%) and the "Other Sectors" index (0.0%), all sector indexes dropped in the quarter under review: "Agriculture" (-3.0%), "Industry" (-19.9%), "Retail" (-2.7%), "Finance" (-11.0%), and "Transportation" (-7.4%).



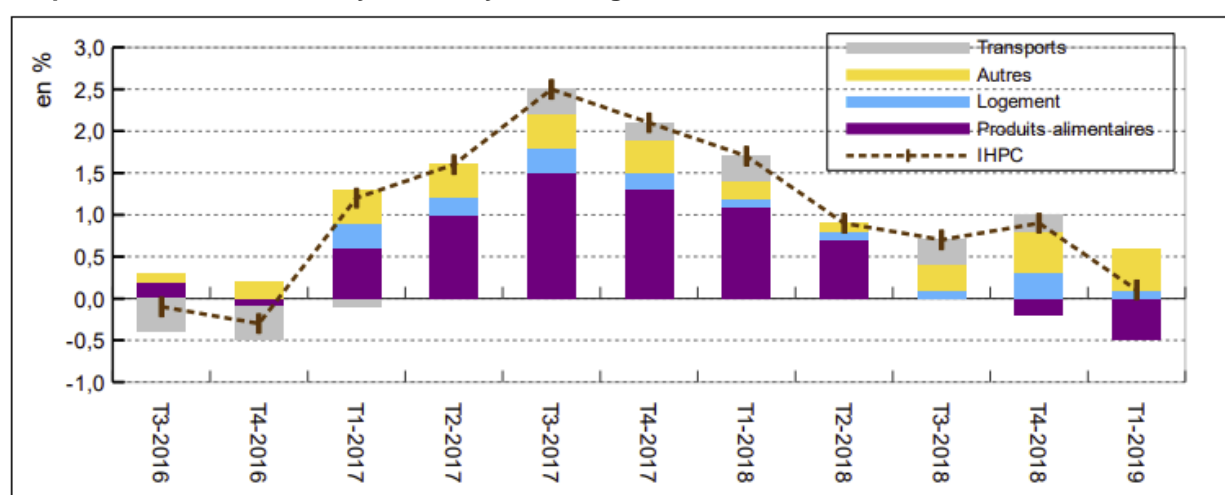
136. The market capitalization of all securities listed on the market rose to 8,388.7 billion at the end of March 2019, up 114.7 billion or 1.4% from three months earlier. This was due to combined increases in the capitalization of the equity market (+65.1 billion or +1.3%) and the bond market (+49.6 billion or +1.4%). A year-over-year analysis showed a contraction of 1,443.1 billion or 14.7% in overall market capitalization.

## IV - INFLATION AND EXTERNAL COMPETITIVENESS

### 4.1 - Recent trends in inflation

137. The rate of overall price growth, as measured by the change in the year-over-year general consumer price index (CPI), slowed in the first quarter of 2019. The year-over-year inflation rate came in at 0.1%, down from 0.9% a quarter earlier. This deceleration was mainly due to a further decline in food prices. Increases in the prices of the “Transportation” and “Housing” components also slowed down.
138. The contribution of the food component to overall inflation rose from -0.2 percentage point in the fourth quarter of 2018 to -0.5 percentage point in the first quarter of 2019. The acceleration of the decline in food prices is thought to be related to better market supply due to an abundant harvest.
139. The contribution of the “Transportation” component to inflation was zero, compared with 0.2 percentage point in the fourth quarter of 2018. The change observed was attributable to the downward adjustment of fuel prices in Benin, Mali, and Côte d’Ivoire. With regard to “Housing”, with a contribution of 0.1 point compared with 0.3 point in the previous quarter, the trend was linked to base effects observed in the first quarter of 2018 in Niger, where an increase in rents was reported.

**Graph 19 - Contributions to year-over-year change in the HICP in WAEMU**



Source: BCEAO

140. Analysis by type revealed a slowdown in the rate of increase in goods prices, which came in at +0.1% in the first quarter of 2019 compared with +1.0% in the previous quarter, in conjunction with lower food prices. Similarly, services prices decelerated, rising 0.4% in the first quarter of 2019 compared with 0.8% in the previous quarter, reflecting lower costs for housing and communications services.

141. Core inflation, which measures change in general price levels excluding fresh food and energy, came in at 0.2% year over year in the first quarter of 2019 compared with 0.7% a quarter earlier. This was due to the aforementioned developments in prices for transportation and communications services.

**Table 23 - Trends in core inflation**

	Components	Weight. (in %)	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
Annual changes (in %)	Fresh produce	24.3	2.1	1.4	0.3	0.7	-0.3
	Energy	7.2	0.9	-0.3	1.1	3.5	1.5
	Core inflation index	68.5	1.5	0.9	0.7	0.7	0.2
Contributions (in % points)	Fresh produce	24.3	0.5	0.3	0.1	0.2	-0.1
	Energy	7.2	0.1	0.0	0.1	0.2	0.1
	Core inflation index	68.5	1.1	0.6	0.5	0.5	0.1
<b>Total</b>		<b>100.0</b>	<b>1.7</b>	<b>0.9</b>	<b>0.7</b>	<b>0.9</b>	<b>0.1</b>

Sources: BCEAO, NSIs

142. An analysis of the breakdown by country showed that the deceleration in inflation was driven by the Sahelian countries (with negative inflation rates in Burkina Faso, Mali, and Niger). The drops in prices in those countries were linked to the “food” function, owing to the extent of the decline in local cereal prices in Burkina Faso (-29%), Mali (-26%) and Niger (-9%), as a result of abundant production.

**Table 24 - Year-over-year inflation rate by country in WAEMU (%)**

Country	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
Benin	0.1	1.9	1.7	-0.2	0.0
Burkina Faso *	1.9	2.5	2.3	0.9	-1.4
Côte d'Ivoire*	2.2	-0.8	0.2	0.7	1.0
Guinea-Bissau*	-0.5	0.4	0.0	1.7	2.5
Mali	1.0	1.1	-0.2	1.7	-1.4
Niger	3.2	3.8	2.7	1.2	-1.2
Senegal	1.5	0.2	-0.5	0.7	0.5
Togo	0.2	1.2	0.7	1.7	2.2
<b>WAEMU</b>	<b>1.7</b>	<b>0.9</b>	<b>0.7</b>	<b>0.9</b>	<b>0.1</b>

Sources: BCEAO, NSIs.

(\*) Estimate for the first quarter of 2019

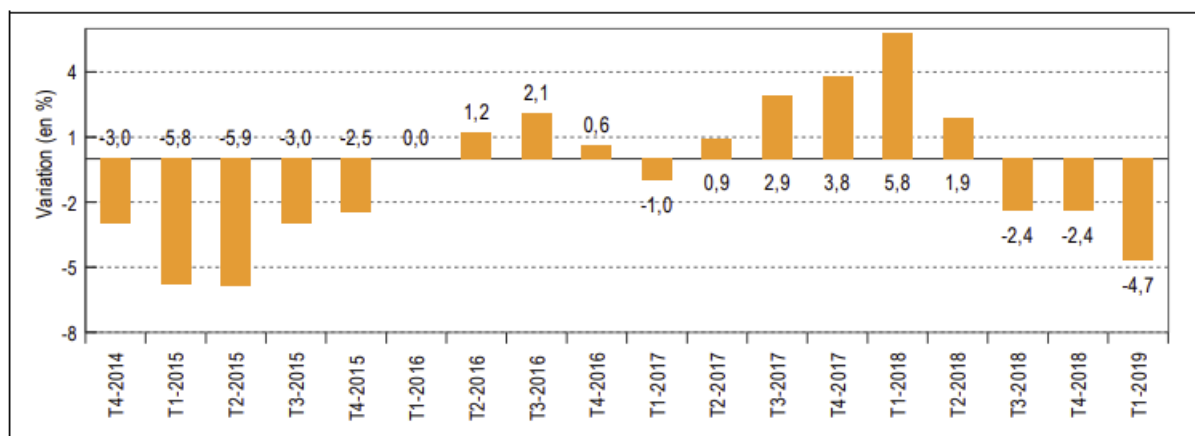
## 4.2 - External competitiveness

143. The real effective exchange rate (REER) fell by 4.7% in the first quarter of 2019 compared with the same period last year. This drop reflected a gain in the Union's competitiveness, associated mainly with the inflation differential, which was favorable to WAEMU (-3.4%) compared with its partners and the decline in the nominal effective exchange rate (-1.3%).

144. The change in the nominal effective exchange rate in the first quarter of 2019 mainly reflected the annual depreciation of the CFA franc against the U.S. dollar (-7.6%), the naira (-7.2%), the Japanese yen (-6.0%), the Swiss franc (-2.8%) and the Chinese yuan (-2.0%). On the other

hand, the CFA franc appreciated against the South African rand (+8.2%), the Ghanaian cedi (+5.1%) and the Indian rupee (+1.2%). As for the inflation rate in the Union, it stood at 0.1% in the first quarter of 2019 compared with an average increase of 3.5% in partner countries.

**Graph 20 - Year-over-year trends in the REER**



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

145. The table below shows the gains or losses in overall competitiveness vis-à-vis the partner groups.

**Table 25 - Trends in competitiveness by partner group (in %)**

Partner countries	Years		Quarterly changes			Annual changes		
	2017	2018	Q3-2018	Q4-2018	Q1-2019(*)	Q3-2018	Q4-2018	Q1-2019(*)
Industrialized countries	1.5	0.6	-0.4	-1.2	-1	-1.2	-1.6	-2.9
Eurozone	0.5	-0.8	0.1	-0.8	-0.6	-1.5	-1.1	-1.5
Surrounding countries (**)	5.4	-3.2	-3.4	-3.4	0.5	-8.1	-9.2	-12.6
Asian countries	0.9	3	-0.5	-1.8	-0.3	-2.7	-0.5	-4.9
EU countries	0.9	-0.7	0.2	-0.9	-0.7	-1.5	-1.2	-1.5
Emerging countries	-1.8	3.3	2.2	-1.4	-1.9	-0.6	0.7	-2.4
CEMAC	1.0	0.8	0.1	-1.6	-0.2	0.4	0.6	-0.2
<b>All</b>	1.2	0.7	-0.4	-1.6	-0.9	-2.4	-2.4	-4.7

Source: BCEAO

(\*) Estimates

(+) Depreciation of REER or loss of competitiveness

(-) Depreciation of REER or gain in competitiveness

(\*\*) I.e., The Gambia, Ghana, Guinea, Mauritania, and Nigeria.

## V - INFLATION FORECAST

146. Projections of the aggregate price level were based on the outlook for the international environment and domestic economic conditions. They were posited on inflation forecasts in the Eurozone, international food and oil prices, and the euro/dollar exchange rate. The outlook for food production was considered in the internal projections.

### 5.1 - Assumptions used for the projections of inflation

147. The projection assumptions assumed a decline in global oil product prices between 2019 and 2021. The average price of WTI crude oil is expected to fall from \$65.0 in 2018 to \$60.9 in

2019 and \$59.4 in 2020 before settling at \$56.4 in 2021<sup>5</sup>. These assumptions have been revised upwards from the previous report, which assumed average crude oil prices (WTI) of \$54.0 in 2019 and \$55.0 in 2020.

148. On the foreign exchange market, the average rate of the euro is expected to be \$1.14 in 2019, 2020 and 2021<sup>6</sup> compared with \$1.18 in 2018.
149. The assumptions for imported inflation also incorporated the outlook for the general price level at the global level. Specifically, the inflation rate in the Eurozone<sup>7</sup> is expected to fall from 1.7% in 2018 to 1.2% in 2019, before rising to 1.5% in 2020 and 1.6% in 2021.
150. The IMF forecasts indicated a decline in world food prices in 2019, followed by increases in 2020 and 2021. After a decline of 2.9% in 2019, prices were expected to rise by 2.1% in 2020 and 0.1% in 2021. The change in the trend from 2020 onwards reflected an anticipated 2.4% drop in world cereal production on an annual basis.
151. A 5.0% increase was assumed for cereal production in the Union, in the 2019/2020 crop year, after an increase of 9.1% in the previous growing season.
152. In the light of the uncertainties surrounding global economic trends, two additional inflation scenarios, one higher and one lower, were developed to supplement the median outlook. These scenarios were built around the median projections, with margins of plus or minus 5 percentage points (cereal production, imported food prices, exchange rate), or plus or minus 10 dollars (price per barrel of crude oil).

**Table 26 - Inflation projection assumptions (in %)**

	2018	2019			2020			2021		
		Lower	Median	Higher	Lower	Median	Higher	Lower	Median	Higher
Barrel of oil (WTI, in dollars)	65.0	50.9	60.9	70.9	49.4	59.4	69.4	46.4	56.4	66.4
Euro/dollar exchange rate	1.18	1.19	1.14	1.09	1.19	1.14	1.09	1.19	1.14	1.09
Eurozone inflation (%)	1.7	0.7	1.2	1.7	1.0	1.5	2.0	1.1	1.6	2.1
Food prices (%)	-0.6	-7.9	-2.9	2.1	-2.9	2.1	7.1	-4.9	0.1	5.1
Union cereal production (%)	9.1	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 for the next eight quarters

153. The forecasts presented in the table below reflect the low, high, and median assumptions.

<sup>5</sup> Futures market data are from Bloomberg

<sup>6</sup> March 2019 ECB projections.

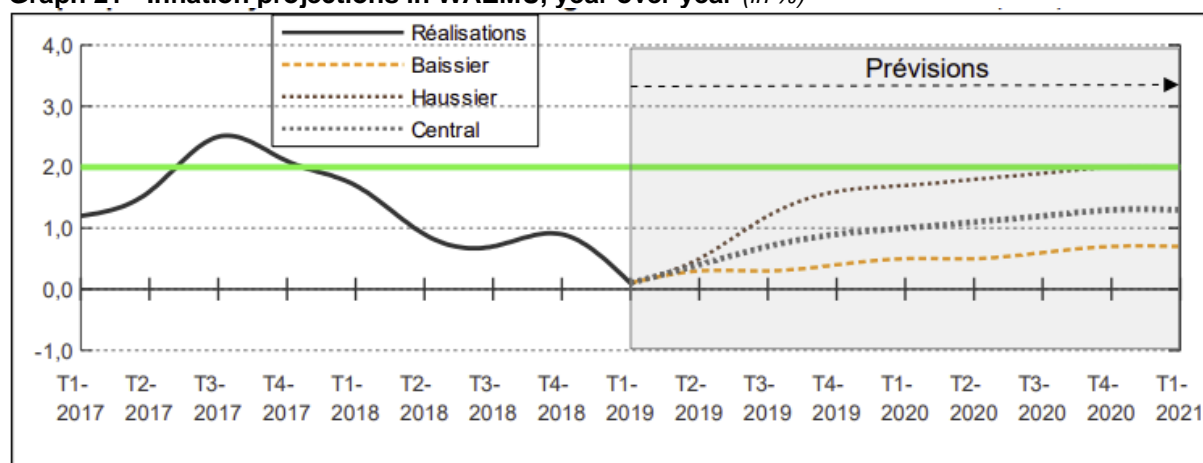
<sup>7</sup> March 2019 ECB Forecast.

**Table 27 - Inflation outlook in WAEMU (%)**

		Annual slippage									Average			
		2019				2020				2021	2018	2019	2020	Eight quarters
		Q1 Actual	Q2 Fcst	Q3 Fcst	Q4 Fcst	Q1 Fcst	Q2 Fcst	Q3 Fcst	Q4 Fcst	Q1 Fcst				
Inflation rate	Lower scenario	0.1	0.3	0.3	0.4	0.5	0.5	0.6	0.7	0.7	1.0	0.2	0.5	0.3
	Median scenario	0.1	0.4	0.7	0.9	1.0	1.1	1.2	1.3	1.3	1.0	0.5	1.1	1.0
	Higher scenario	0.1	0.5	1.2	1.6	1.7	1.8	1.9	2.0	2.0	1.0	0.9	2.0	1.7

Source: BCEAO

154. Under the median scenario, the year-over-year inflation rate is projected at 0.4% in the second quarter of 2019, compared with 0.1% in the first quarter of 2019, in connection with the expected increase in fuel prices in most countries in connection with the recovery of crude oil prices.
155. Looking ahead eight quarters, the inflation rate is expected to stand at 1.3% year-over-year, within the comfort zone (between 1.0% and 3.0%) defined for the implementation of the Union's monetary policy. The gradual increase in the inflation rate through to 2020 reflects the assumption of a smaller increase in food production during the next crop season (+5.0% compared with +9.0% previously), as well as the projected recovery of imported food prices from 2020.

**Graph 21 - Inflation projections in WAEMU, year over year (in %)**

Source: BCEAO

### 5.3 - Risks to the inflation outlook

156. Among the downside risks affecting inflation over the next few quarters is a larger than expected decline in food prices in the countries of the Union, which could be induced by surplus grain production.
157. Upside risks could include pressures on oil prices, which could arise due to geopolitical tensions (Iran, Libya).

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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	Maturity (in months)	Date issued	Value date	Due date	Amount advertised	Amount offered	Amount accepted	AR	WAR
Bénin	12	09/01/19	11/01/19	09/01/20	20,000	36,211	21,947	6.45	6.31
	6	21/02/19	22/02/19	22/08/19	25,000	26,890	25,000	6.35	6.10
Burkina	12	08/01/19	09/01/19	07/01/20	25,000	25,313	25,313	6.50	6.23
	12	23/01/19	24/01/19	22/01/20	15,000	16,323	16,322	6.49	6.40
	6	06/02/19	07/02/19	07/08/19	30,000	32,381	30,000	6.40	6.16
	12	20/02/19	21/02/19	19/02/20	15,000	26,897	15,791	6.40	6.23
	12	06/03/19	07/03/19	04/03/20	30,000	51,329	33,000	6.32	6.25
Cote d'Ivoire	3	11/01/19	14/01/19	14/04/19	30,000	40,702	30,000	5.10	4.88
	12	15/01/19	16/01/19	14/01/20	35,000	46,735	38,500	5.80	5.50
	6	29/01/19	30/01/19	30/07/19	30,000	44,330	33,000	5.70	5.53
	3	04/02/19	05/02/19	06/05/19	30,000	47,273	33,000	5.15	5.06
	12	12/02/19	13/02/19	11/02/20	35,000	35,510	33,002	5.80	5.75
	6	26/02/19	27/02/19	27/08/19	30,000	30,508	26,500	5.50	5.36
	3	05/03/19	06/03/19	04/06/19	30,000	46,040	33,000	5.10	5.05
	6	13/03/19	14/03/19	11/09/19	30,000	18,168	16,158	5.55	5.38
	6	26/03/19	27/03/19	24/09/19	30,000	18,260	15,750	5.55	5.38
Guinée-Bissau	12	05/02/19	06/02/19	04/02/20	6,000	4,008	4,008	6.60	6.48
Mali	12	16/01/19	17/01/19	15/01/20	20,000	39,584	22,000	6.25	5.96
	12	13/02/19	14/02/19	12/02/20	20,000	37,742	22,000	6.31	6.06
Niger	12	17/01/19	18/01/19	16/01/20	20,000	29,803	21,923	6.45	6.23
	12	14/02/19	15/02/19	13/02/20	25,000	37,466	27,068	6.30	6.16
Togo	12	10/01/19	11/01/19	09/01/20	20,000	18,625	13,625	6.50	6.442

Source: BCEAO

(\*) at the end of March 2019

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

Issuer	Maturity (in months)	Date issued	Value date	Due date	Amount advertised	Amount offered	Amount accepted	AR	WAR	Coupon	MP
Bénin	3.00	24/01/19	25/01/19	25/01/22	20,000	47,425	22,000	7.24	7.18	6.10	97.00
	3.00	07/02/19	08/02/19	25/01/22	20,000	40,083	22,000	7.25	6.99	6.10	97.01
	5.00	07/03/19	08/03/19	08/03/24	15,000	20,320	13,320	7.53	6.99	6.30	95.00
Burkina	3.00	23/01/19	24/01/19	24/01/22	15,000	13,439	13,229	7.79	7.57	6.15	95.75
	3.00	20/02/19	21/02/19	21/02/22	15,000	18,781	17,208	7.69	7.58	6.15	96.00
Cote d'Ivoire	3.00	22/01/19	23/01/19	23/01/22	35,000	12,500	0	0.00	0.00	5.70	0.00
	5.00	19/03/19	20/03/19	20/03/24	30,000	31,500	31,500	7.29	6.81	5.80	95.00
Guinée-Bissau	3.00	12/03/19	13/03/19	13/03/22	6,000	6,899	6,566	8.04	7.84	6.50	96.01
Mali	3.00	30/01/19	31/01/19	31/01/22	20,000	14,778	14,708	7.68	7.42	6.15	96.01
	3.00	27/02/19	28/02/19	28/02/22	25,000	50,182	41,850	7.69	7.14	6.15	96.00
	5.00	27/02/19	28/02/19	28/02/24	25,000	13,150	13,150	7.47	7.07	6.40	96.01
	3.00	27/03/19	28/03/19	28/03/22	20,000	52,944	22,000	7.67	7.42	6.15	96.05
Niger	5.00	14/03/19	15/03/19	15/03/24	30,000	42,625	33,000	7.74	6.94	6.25	95.05
	3.00	28/03/19	29/03/19	29/03/22	20,000	69,325	22,000	7.48	7.38	6.15	96.53
Togo	3.00	25/01/19	28/01/19	28/01/22	20,000	36,094	22,000	7.58	7.38	6.25	96.52
	3.00	08/02/19	11/02/19	11/02/22	20,000	27,847	20,000	7.99	7.57	6.25	95.50
	3.00	22/02/19	25/02/19	23/04/21	15,000	35,679	13,000	8.00	7.88	6.25	96.61
	3.00	08/03/19	11/03/19	11/03/22	10,000	19,780	16,588	7.39	7.26	6.25	97.00
	5.00	08/03/19	11/03/19	11/03/24	10,000	5,815	5,412	7.48	7.34	6.50	96.00

Source: BCEAO

at the end of March 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
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
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
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
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
Créances nettes sur l'administration centrale	575,8	-279,2	421,3	501,2	-975,2	-135,4	241,0	293,3	44,2
Créances sur l'économie	245,9	256,4	262,2	209,5	229,1	244,3	250,1	437,3	466,7
<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>
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
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
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
Engagements envers les autres secteurs (1)	359,0	355,5	628,6	376,7	396,2	432,9	466,1	417,9	400,3
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
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
Autres postes (net)	-28,3	30,2	63,6	221,3	52,5	76,3	5,3	177,6	56,8
<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>

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
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
Créances sur les non-résidents	754,2	763,2	643,3	661,8	791,2	676,4	592,3	760,8	694,0
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
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	2 184,0
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
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
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
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
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
<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	3 465,4
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
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
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
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
Emprunts	485,3	436,9	477,7	609,1	842,1	540,8	653,4	749,7	858,0
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	3 163,8
Autres postes (net)	546,4	822,2	812,8	713,8	1 223,6	915,8	809,6	1 064,3	1 148,6
<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
Circulation fiduciaire	5 739,6	5 705,0	5 306,8	5 778,2	5 920,1	5 954,9	5 745,1	6 278,0	6 371,4
Dépôts à vue	9 608,1	10 024,7	10 031,4	10 660,6	11 047,6	11 273,9	11 250,5	12 184,0	12 049,6
M1	15 347,7	15 729,6	15 338,2	16 438,8	16 967,7	17 228,8	16 995,6	18 462,0	18 421,0
Autres dépôts inclus dans la masse monétaire (1)	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
<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>26 020,3</b>	<b>27 723,7</b>	<b>27 766,5</b>
Actifs extérieurs nets	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
Banque Centrale	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
Banques	-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
Créances intérieures	25 143,4	25 046,7	25 914,2	27 438,0	26 236,1	26 896,5	27 950,1	30 023,9	29 742,8
Créances nettes sur l'administration centrale	6 784,6	6 096,5	6 716,7	7 276,8	6 077,3	6 597,3	7 455,0	8 112,6	7 979,1
Créances sur les autres secteurs	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
Passifs à caractère non monétaire (2)	5 721,2	5 694,5	6 000,3	6 290,4	6 778,6	6 482,0	6 621,3	7 177,3	7 511,8
Autres postes nets (3)	240,3	642,7	481,5	670,3	643,2	644,5	401,7	498,0	178,1
<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>26 020,3</b>	<b>27 723,7</b>	<b>27 766,5</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) Composé 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
<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>210,1</b>	<b>262,9</b>	<b>13,4</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
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
Concours adossés aux DTS	209,5	190,3	172,3	154,1	137,6	119,1	100,4	79,5	60,6
Découverts statutaires consolidés	229,7	229,0	228,4	227,7	226,9	226,2	225,5	224,8	224,0
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
Autres concours de Gouvernements étrangers (1)	12,4	12,4	9,4	5,5	5,5	5,5	2,7	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
Engagements	1 255,1	2 154,9	1 447,0	1 415,0	2 866,6	2 111,5	1 708,0	1 715,3	1 938,8
Encaisses du Trésor	28,6	32,7	31,4	31,7	30,2	32,6	30,9	30,4	30,8
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
Autres engagements (3)	67,0	27,5	47,2	59,3	18,5	27,4	43,1	60,5	16,4
<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>
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
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
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
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
<b>TOTAL CRÉANCES 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>7 455,0</b>	<b>8 112,6</b>	<b>7 979,1</b>

Source: BCEAO

(1) Le concours koweïtien 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. (in %)	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
Annual changes (in %)	Local	70.0	1.5	1.1	0.8	0.8	0.0
	Imported	30.0	1.9	0.3	0.4	1.0	0.5
Contributions (in % points)	Local	70.0	1.1	0.8	0.6	0.6	0.0
	Imported	30.0	0.6	0.1	0.1	0.3	0.1
	<b>Total</b>	<b>100.0</b>	<b>1.7</b>	<b>0.9</b>	<b>0.7</b>	<b>0.9</b>	<b>0.1</b>

Sources: BCEAO, NSIs

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

	Components	Weight. (in %)	Q1-2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
Annual changes (in %)	Goods	70.7	1.5	0.7	0.7	1.0	0.1
	Services	29.3	1.9	1.3	0.6	0.8	0.4
Contributions (in % points)	Goods	70.7	1.1	0.5	0.5	0.7	0.0
	Services	29.3	0.6	0.4	0.2	0.2	0.1
	<b>Total</b>	<b>100.0</b>	<b>1.7</b>	<b>0.9</b>	<b>0.7</b>	<b>0.9</b>	<b>0.1</b>

Sources: BCEAO, NSIs





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