BCEAO

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

REPORT ON MONETARY POLICY IN THE WAMU UNION

September 2026

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LIST OF ABBREVIATIONS AND ACRONYMS

BCEAO	Central Bank of West African States
BEAC	Bank of Central African States
BoG	Bank of Ghana
Bps	Basis points
BRVM	Regional stock exchange
CBN	Central Bank of Nigeria
CEMAC	Central African Economic and Monetary Community
CGs	Central governments
CPI	Consumer price index
ECB	European Central Bank
ECOWAS	Economic Community of West African States
FAO	United Nations Food and Agriculture Organization
Fed	United States Federal Reserve System
FOB	Free on board
GDP	Gross domestic product
HICP	Harmonized Index of Consumer Prices
IMF	International Monetary Fund
IPI	Industrial production index
LCB	Large corporate borrowers
MSCI	Morgan Stanley Capital International (stock market benchmark index provider)
NEAs	Net external assets
NPISH	Nonprofit Institution Serving Households
NYMEX	New York Mercantile Exchange (specializing in energy and metals)
OECD	Organization for Economic Cooperation and Development
OPEC+	Organization of the Petroleum Exporting Countries and 10 other oil-producing countries
Pps	Percentage points
REER	Real Effective Exchange Rate
SARB	South African Reserve Bank
SCA	Seasonally and calendar-adjusted data
SDRs	Special drawing rights
SI	Sales index
WAEMU	West African Economic and Monetary Union
WAMA	West African Monetary Agency
WAMU	West African Monetary Union
WTI	West Texas Intermediate, the benchmark for oil prices on the US market

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SUMMARY OF CONCLUSIONS

1. The Monetary Policy Committee of the Central Bank of West African States (BCEAO) held its third regular meeting of 2026 on Wednesday, September 9, 2026, at BCEAO headquarters in Dakar, Republic of Senegal, under the chairmanship of Dr. Jean-Claude Kassi Brou, Governor of the Central Bank and statutory chair of the Committee.

2. The Committee reviewed key developments in the international and regional economy, as well as assessing the risk factors that could affect the medium-term outlook for inflation and economic growth in the Union.

3. With regard to the international economic situation, the Committee noted that global economic activity remained resilient in the second quarter of 2026, despite ongoing disruptions due to the Middle East conflict. According to IMF forecasts published in July 2026, global economic growth is expected to reach 3.0% in 2026 and 3.4% in 2027, as against 3.1% and 3.2%, respectively, per the April 2026 forecast. However, these outlooks remain subject to significant risks, potentially leading to lower growth and higher inflation than expected. These risks are mainly predicated on developments in the Middle East conflict, increasing trade tensions, a resurgence of global inflation, and the adverse effects of weather conditions.

4. Energy prices on international commodity markets rose by 19.9% quarter over quarter during the second quarter of 2026, driven primarily by higher crude oil prices (+24.4%) linked to the Middle East conflict. Prices for non-energy commodities rose by 5.1% over the same period, due in particular to higher prices for fertilizers, metals and minerals, and agricultural products. In contrast, prices for non-oil commodities exported by WAEMU member states fell by 2.7% quarter over quarter, following a 1.3% decline the previous quarter, in line with the drop in gold prices due to an expected tightening stance in the monetary policies of major central banks.

5. Reviewing the domestic economic situation of the Union, the Monetary Policy Committee noted strong momentum in economic activity, with the real GDP growing by 6.0% year over year in the second quarter of 2026, after 6.1% in the previous quarter. This trend reflects a continued strong economic performance across all sectors. According to the latest BCEAO projections, the Union's economic growth rate is expected to stand at 6.1% in 2026 and 6.2% in 2027, after 6.5% in 2025. The Monetary Policy Committee noted that these growth prospects remained dependent on developments in the international economic environment and are vulnerable to the adverse effects of weather conditions.

6. Public finance management in the Union in the first half of 2026 resulted in a widening of the overall budget deficit (on a commitments basis, including grants), which reached 2.4929 trillion, or 3.4% of GDP, compared with 2.3553 trillion, or 3.2%, one year earlier. Total public debt is estimated at 60.9% of GDP at end-June 2026, compared with 62.5% one year prior. The budget deficit for 2026 is projected to stand at 3.5% of GDP, subsequently dropping to 3.1% in 2027.

7. Trade between the Union's countries and the rest of the world resulted in a surplus of 2.4836 trillion in the second quarter of 2026, following a surplus of 1.7875 trillion over the same period of the previous year. The increase was driven by a significant reduction in the current account deficit, which stood at 0.4% of GDP compared with 2.5% a year earlier. The overall foreign trade balance is expected to remain in surplus in 2026.

8. The Committee noted an improvement of 424.5 billion or 6.5% in bank liquidity in the second quarter of 2026, driven by a positive trend in external accounts. Money market rates eased against that favorable backdrop and in the wake of policy rate cuts implemented in March 2026. The weighted average rate on one-week auctions was 3.35%, down 61 basis points, while the average interbank market rate dropped by 51 basis points to stand at 4.01%. The cost of bank loans remained virtually stable, with the average lending rate, excluding taxes and fees, at 6.67%, compared with 6.70% in the previous quarter. Bank loans to the private sector rose by 6.6% at end-June 2026, up from 6.0% at end-March 2026.

9. The Monetary Policy Committee noted higher inflation in the Union, at 0.4% in the second quarter of 2026, following -0.2% in the previous quarter. The increase in the general price level was mainly driven by higher transportation prices (2.6% compared with -0.6% in the previous quarter), following increases in petroleum product prices in most of the Union's member states. It was also driven by higher housing costs (2.2% compared with 2.9%) and higher prices for certain food items, particularly meat (7.8% versus 6.7%), fish (4.3% versus -1.2%), and vegetables (+15.1% versus 5.1%). The core inflation rate, which tracks price changes excluding fresh food and energy, stood at 0.8% during the quarter under review, down from 1.3% in the previous quarter.

10. According to the Central Bank's latest forecasts, the annual average inflation rate in the Union is expected to rise from 0.0% in 2025 to 1.0% in 2026 and 1.9% in 2027, driven by increases in gasoline prices at the pump in most member states and an anticipated recovery in imported food prices. The Committee emphasized, however, that significant risks of higher inflation remained, primarily due to uncertainties surrounding developments in the international geopolitical situation, particularly the Middle East crisis and its effects on the prices of imported petroleum products and food, as well as on the cost of fertilizers, transportation, and freight.

11. Furthermore, the Committee noted that, while the Union's external position remained favorable, it was exposed to downside risks due to the international environment marked by high levels of uncertainty that could lead to less favorable trends in the terms of trade.

12. In light of these recent developments and the risks surrounding the short-term economic outlook, the Committee decided to keep the Central Bank's key interest rates unchanged. Thus, the minimum bid rate for tender operations stayed at 3.00%, while the marginal lending rate stayed at 5.00%, the levels in effect since March 16, 2026. The Committee also decided to maintain the required reserve ratio applicable to regulated institutions at 3.00%.

13. The Monetary Policy Committee will continue to pay particular attention to risks affecting price trends and will take all appropriate measures, as needed, to safeguard the monetary and financial stability of the Union.

Signed in Dakar on September 9, 2026

The Chair,

Jean-Claude Kassi Brou

SUMMARY

1. **Global economic activity in the second quarter of 2026** remained resilient, despite ongoing disruptions to global supply chains due to the conflicts in the Middle East and Ukraine. It was supported by investments in artificial intelligence, against a backdrop of easing geopolitical tensions following the ceasefire in April 2026 and the memorandum of understanding signed in June 2026 between the United States and Iran.

2. According to the latest available data, GDP growth in the United States stood at 2.1% year over year in the second quarter of 2026, down from 2.7% in the previous quarter. In the Eurozone, GDP growth rang in at 1.2% over the same period, up from 0.6% a quarter earlier. In emerging economies, economic activity remained robust in China, with output rising 4.3% in the second quarter of 2026, following 5.0% in the first quarter, while in South Africa, growth slowed to 1.4%, from 1.9% in the previous quarter. In the West African subregion, economic activity in Nigeria grew by 4.1%, compared with 3.9% in the previous quarter, while in Ghana, the growth rate dropped to 4.8% from a previous level of 6.4%.

3. **Global inflation rose** in the second quarter of 2026, driven by higher energy prices due to the Middle East conflict. In the United States and the Eurozone, inflation accelerated to 3.7% and 2.8%, respectively, in June 2026, compared with 3.5% and 2.6% in March 2026. In emerging economies, price growth in China remained at 1.0%, as in March 2026, while in South Africa, it stood at 5.0%, up from 3.1% three months earlier. Inflation also rose in Nigeria (15.9% in June 2026, compared with 15.4% in March 2026) and in Ghana (5.3% in June 2026, compared with 3.2% in March 2026).

4. **International monetary and financial conditions** tightened overall in the second quarter of 2026, with short-term interest rates remaining relatively stable and long-term bond yields rising in major advanced economies. In the United States, the Overnight Bank Funding Rate[1] averaged 3.63%, as in the previous quarter. The benchmark index for the Eurozone interbank market (€STR) averaged 1.97%, marking a slight increase of 4 basis points quarter over quarter. On the bond markets, 10-year sovereign yields rose by 25.0 basis points in the United States, amid growing expectations of inflation. In Germany, yields on 10-year government bonds rose by 10.7 basis points, driven by expectations of increased public spending in the defense sector. Similarly, in France, yields rose by 17.9 basis points, driven by investor concerns over public finance.

5. On the **commodities market**, energy prices rose by 19.9% on a quarterly basis in the second quarter of 2026, following a 20.6% increase in the previous quarter. This trend was primarily driven by higher crude oil prices (+24.4%) linked to the Middle East conflict. Similarly, prices for non-energy commodities rose by 5.1%, driven in particular by higher prices for fertilizers, metals and minerals, as well as agricultural products. In contrast, prices for non-oil commodities exported by WAEMU countries fell by 2.7% during the second quarter of 2026, following a 1.3% decline the previous quarter. The sharpest declines were seen in coffee (-7.9%) and gold (-7.3%).

6. **Within WAEMU**, economic activity remained robust in the second quarter of 2026, with real GDP rising 6.0% year over year, following a 6.1% increase in the previous quarter. This momentum was driven by strong economic performances across all sectors.

7. The inflation rate in the Union stood at 0.4% year over year in the second quarter of 2026, after -0.2% in the previous quarter. The rise in the general price level was primarily due to higher prices for products in the “Transportation” category (+0.2 percentage point after -0.1 percentage point) and a slowdown in price declines in the “Food Products” category (-0.3 percentage point versus -0.8 percentage point). The core inflation rate, which tracks price changes excluding prices for food and energy, stood at 0.8% during the quarter under review, down from 1.3% in the previous quarter.

[1] The Overnight Bank Funding Rate is the main benchmark rate on the U.S. interbank market.

8. According to member state data, **public finance management in WAEMU** during the first half of 2026 resulted in an increase in the overall budget deficit, on a commitment basis, including grants. The deficit reached 2.4929 trillion, or 3.4% of GDP, compared with 2.3553 trillion, or 3.2% of GDP, a year earlier.

9. WAEMU countries' **external trade** resulted in an overall balance of payments surplus of 2.4836 trillion in the second quarter of 2026, following a surplus of 1.7875 trillion in the same period of the previous year—an improvement of 696.1 billion. This increase was driven primarily by a reduction in the current account deficit, which stood at 0.4% of GDP, compared with 2.5% a year earlier. However, the effect was partially offset by a 24.6% decline in net inflows under the financial account, as compared to the same period of the previous year.

10. **Monetary conditions** eased overall during the second quarter of 2026, in line with improved bank liquidity, driven in particular by the strong performance of the external sector, as well as the 25-basis-point cut in the Central Bank's key interest rates in March 2026. The weighted average interest rate on the interbank market, across all maturities, fell by 51 basis points to 4.0%. The average lending rate applied to new loans, excluding taxes and fees, stood at 6.67% in the second quarter of 2026, compared with 6.70% in the previous quarter.

11. On the **regional public securities market**, yields on treasury bills fell by 51 basis points in the second quarter of 2026 compared to the previous quarter. Bond segment financing conditions remained favorable, with the majority of governments benefiting from lower yields during the period under review.

12. The **monetary situation** at end-June 2026 was marked by growth in the money supply, which stood at 11.4211 trillion, up 20.9% year over year, following an 18.1% increase the previous quarter. This trend was driven by an increase of 9.5795 trillion (+115.1%) in net external assets, primarily linked to a higher overall trade balance and an increase of 3.0229 trillion (+4.8%) in domestic claims. The increase in domestic claims resulted from combined growth in net claims of deposit-taking institutions on the central government (+1.0943 trillion, or +4.1%) and claims on the private sector (+1.9286 trillion, or +5.4%). In particular, loans to the private sector rose by 6.6% after increasing 6.0% three months earlier, driven mainly by loans to non-financial corporations (7.2% versus 6.4%).

13. Activity on the **regional stock market** picked up over the second quarter of 2026, with the BRVM Composite index rising by 11.0%, following an 18.1% increase in the previous quarter. Market capitalization grew by 7.2% on a quarterly basis, following an increase of 11.0% three months prior. This trend reflects higher equity market capitalization (+7.7%) and bond market capitalization (+6.6%). On an annual basis, total market capitalization rose by 30.9% at end-June 2026.

14. The Union's **economic outlook** shows expected growth of 6.1% in 2026 and 6.2% in 2027, following 6.5% in 2025. These trends reflect continued momentum in the extractive and manufacturing industries, retail trade, and services, as well as favorable prospects for the 2026–2027 agricultural season. However, forecasts remain contingent on the international economic climate, the sociopolitical and security situations in the Union's member countries, and the effects of climate change.

15. **Fiscal projections** for the Union predict a widening of the deficit in 2026, followed by a return to fiscal consolidation in 2027. The budget deficit as a percentage of GDP is expected to reach 3.5% in 2026, up from 3.2% in 2025, before falling back to 3.1% in 2027. In particular, the expected deterioration of the budget deficit in 2026 is mainly due to temporary measures implemented by certain member states to mitigate the socioeconomic impact of the Middle East crisis on their populations. The public debt-to-GDP ratio is expected to remain virtually unchanged at 63.6% in 2026, compared with 63.3% in 2025, before dropping to 60.8% in 2027.

16. According to projections, the Union's **external trade** should generate a surplus in the overall balance of payments in 2026 and 2027, though smaller than that of 2025. The surplus is expected to stand at 3.4273 trillion in 2026 and 1.5231 trillion in 2027, down from 7.0276 trillion in 2025, due in part to a deterioration in the terms of trade, set to decline by 2.3% in 2026 and 7.5% in 2027, owing to the combined effect of rising oil prices and falling prices for certain exported commodities, particularly cocoa. The current account deficit is expected to widen, reaching 1.6% of GDP in 2026 and 2.7% in 2027, compared with 1.0% in 2025. However, net capital inflows under the financial account—estimated at 4.3499 trillion in 2026 and 4.6478 trillion in 2027—should cover external financing needs.

17. The **monetary situation** is expected to see an acceleration in private-sector financing, following the slowdown it saw in 2025. Growth in claims on the private sector is projected to reach 6.9% in 2026 and 7.8% in 2027, after 5.6% in 2025.

18. The annual average **inflation rate** in the Union is expected to return to its target range [1%, 3%], rising from 0.0% in 2025 to 1.0% in 2026 and 1.9% in 2027. This forecast takes account of the impact of the Middle East crisis on energy price trends in the Union as well as the anticipated recovery in prices of imported food products in 2027.

19. **The balance of risks surrounding the inflation outlook remains skewed to the upside,** mainly due to uncertainties surrounding the international geopolitical situation, particularly the Middle East crisis, with its effects on the prices of imported petroleum products and food, as well as on the cost of fertilizers, transportation, and freight. Nevertheless, this upward trend could be contained by adequate market supplies of cereal products from the 2026/2027 crop year. It could also be mitigated by measures taken by certain countries to ease the negative impact of tensions in the Middle East.

1 - RECENT INTERNATIONAL DEVELOPMENTS

Global economic activity *remained resilient in the second quarter of 2026, despite ongoing disruptions to global supply chains due to the Middle East conflict. It was supported by investments in artificial intelligence, against a backdrop of easing geopolitical tensions following the ceasefire in April 2026 and the memorandum of understanding signed in June 2026 between the United States and Iran. According to the latest available data, economic growth in the United States stood at 2.1% year over year in the second quarter of 2026, down from 2.7% in the previous quarter. Economic activity continued its gradual rise in the Eurozone, at 1.2% compared with 0.6% a quarter earlier. In the main emerging economies, economic activity remained robust in China, with output rising 4.3% in the second quarter of 2026, following a 5.0% increase the previous quarter; in South Africa, growth stood at 1.4%, compared with 1.9% in the previous quarter. In the West African subregion, economic activity in Nigeria and Ghana grew by 4.1% and 4.8%, respectively, following previous growth rates of 3.9% and 6.4%.*

Inflation *accelerated in most regions, amid the repercussions of the energy shock caused by the Middle East conflict. In advanced economies, particularly in the United States and the Eurozone, inflation rose, reaching 3.7% and 2.8%, respectively, in June 2026, up from 3.5% and 2.6% in March 2026. In emerging economies, inflation remained stable in China at 1.0%, while in South Africa, it rose from 3.1% to 5.0% over the period under review. In the West African subregion, prices showed an upward trend in Nigeria, rising 15.9% in June 2026 after 15.4% in March 2026, and in Ghana, where they were up 5.3% in June after 3.2% in March 2026.*

On the ***commodities market,*** *energy prices rose by 19.9% quarter over quarter in the second quarter of 2026, following a 20.6% increase in the previous quarter. They were driven primarily by a sharp rise in crude oil prices[2] (+24.4%), linked to global supply constraints mostly resulting from the closure of the Strait of Hormuz. Similarly, prices for non-energy commodities rose by 5.1%, driven primarily by higher prices for fertilizers, metals and minerals, as well as agricultural products. In contrast, prices for non-oil commodities exported by WAEMU countries fell by 2.7% during the second quarter of 2026, after a 1.3% decline the previous quarter. The sharpest declines were seen in coffee (-7.9%) and gold (-7.3%), due, respectively, to supply-side factors and expectations that major central banks would maintain restrictive monetary policies.*

International monetary and financial conditions *in the second quarter of 2026 saw relative stability in short-term rates and higher long-term bond yields in major advanced economies. In the United States, the overnight bank funding rate averaged 3.63%, unchanged from the previous quarter. The benchmark index for the Eurozone interbank market (€STR) averaged 1.97%, up slightly by 4 basis points compared with the previous quarter. On the bond markets, yields on 10-year government bonds rose by 25.0 basis points in the United States, 10.7 basis points in Germany, and 17.9 basis points in France.*

[2] The rise in oil prices primarily reflects the quarterly average fallout from a supply shock that had already occurred, and not a new escalation. Indeed, prices eased toward the end of the quarter with the ceasefire agreements.

1.1 - Economic Activity

1. In **the United States**, economic activity grew by 2.1% year over year in the second quarter of 2026, after 2.7% in the previous quarter. This trend was driven in particular by continued investment in technology, the impact of which was offset by lower household consumption spending and private investment, amid uncertainty stemming from heightened protectionist measures. The impact of the Middle East conflict on real economic activity remained relatively limited due to the country's status as a net energy exporter. In contrast, the inflation rate, measured by change in the personal consumption expenditure price index, reached 3.7% in June 2026, up from 3.5% in March 2026, in line with rising energy prices due to geopolitical tensions in the Middle East, as well as the gradual impact of tariff increases on prices of certain imported goods.

2. In the **Eurozone**, the year-over-year growth rate of real GDP was 1.2% in the second quarter of 2026, up from 0.6% in the previous quarter. This acceleration notably reflects investments in artificial intelligence and increased spending on defense and infrastructure. The Eurozone inflation rate stood at 2.8% in June 2026, up from 2.6% in March 2026, driven by rising energy prices and persistent high inflation in the services sector.

Table 1 - Year-over-year growth trends (%)

	2024			2024 (over 1 year)	2025				2025 (over 1 year)	2026	
	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2
Developed Countries											
United States	3.1	2.8	2.4	2.8	2.0	2.1	2.3	2.0	2.1	2.7	2.1
Eurozone	0.7	1.1	1.4	0.8	1.6	1.4	1.2	1.1	1.3	0.6	1.2
Germany	*-0.1*	*-0.1*	*0.4*	*-0.5*	*0.3*	*0.4*	*0.3*	*0.3*	*0.3*	*0.6*	*0.9*
France	*1.4*	*1.4*	*0.9*	*1.1*	*0.8*	*0.8*	*0.8*	*1.1*	*0.9*	*0.8*	*0.7*
Emerging markets											
China	4.7	4.6	5.4	5.0	5.4	5.2	4.8	4.5	5.0	5.0	4.3
South Africa	0.4	0.4	0.8	0.5	0.9	0.7	2.1	0.8	1.1	1.9	1.4
Neighboring countries											
Nigeria	3.2	3.5	3.8	3.2	3.1	4.2	4.0	4.1	3.9	3.9	4.1
Ghana	7.5	7.2	3.6	5.8	6.3	6.3	5.5	5.5	5.9	6.4	4.8

Sources: OECD, Eurostat, Bureau of Economic Analysis, IMF, Tradingeconomics, Bloomberg

Note: Data for the first quarter of 2026 for the Eurozone, France, Nigeria, South Africa, and Ghana have been revised by national statistical agencies since the publication of the June 2026 Monetary Policy Report.

3. In emerging economies, economic activity remained generally robust during the period under review. In China, GDP growth in the second quarter of 2026 stood at 4.3% year over year, down from 5.0% in the previous quarter, supported by strong exports of high-value-added manufactured goods, particularly electronic equipment and cutting-edge technologies. However, domestic demand, which remained subdued, and persistent challenges in the real estate sector continued to weigh on this momentum. The inflation rate remained contained at 1.0% in June 2026, the same level as in March 2026, due to sluggish domestic demand, which helped offset the effects of rising prices for certain food and energy products. In South Africa, GDP growth stood at 1.4% in the second quarter of 2026, down from 1.9% in the previous quarter, driven by strong performances in the mining and services sectors. The inflation

rate was 5.0% in June 2026, up from 3.1% in March 2026, marking its highest level in two years, driven by rising fuel prices and transportation costs.

4. In Nigeria, the main trading partner of the WAEMU member states within ECOWAS, economic activity grew by 4.1% year over year in the second quarter of 2026, following 3.9% growth a quarter earlier. Growth was driven primarily by a recovery in oil production and a robust services sector. The inflation rate stood at 15.9% in June 2026, up from 15.4% in March 2026, reflecting rising prices for food, housing, and public utilities. In Ghana, economic activity in the second quarter of 2026 grew by 4.8%, after 6.4% in the previous quarter. It was supported by the services sector and the extractive industry (particularly gold mining) as well as continued public and private investment. Inflation stood at 5.3% in June 2026, up from 3.2% in March 2026, driven by rising prices for food and fuel, as well as transportation costs.

Table 2 - Inflation trends in major partner countries

(year over year, %)

	2024			2025				2026	
	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June
Developed countries									
United States	2.4	2.1	2.6	2.4	2.6	2.8	2.9	3.5	3.7
Eurozone	2.5	1.7	2.4	2.2	2.0	2.5	2.0	2.6	2.8
Emerging markets									
China	0.2	0.4	0.1	-0.1	0.1	-0.3	0.8	1.0	1.0
South Africa	5.1	3.8	3.0	2.7	3.0	3.4	3.6	3.1	5.0
Neighboring countries									
Nigeria	34.2	32.7	34.8	27.4	25.3	21.0	15.2	15.4	15.9
Ghana	22.8	21.5	23.8	22.4	13.7	9.4	5.4	3.2	5.3

Sources: OECD, Eurostat, Bureau of Economic Analysis, national statistics institutes, Tradingeconomics
Note: The series for the United States is based on the Personal Consumption Expenditure (PCE) price index.

1.2 - Monetary and financial conditions

1.2.1 - Central bank decisions

5. During the second quarter of 2026, central banks maintained a generally cautious monetary policy stance in the light of uncertainties regarding the outcome and duration of the Middle East conflict and its impact on energy prices. Some raised their policy rates in a bid to contain the risks of second-round effects on price trends over the medium term.

6. The **U.S. Federal Reserve (Fed)** kept its policy rates unchanged during the quarter under review, maintaining them within the target range of 3.50% to 3.75%, the level in effect since the cut implemented in December 2025. In particular, at its July 29, 2026, meeting, although it noted a rise in prices, the Fed deemed it appropriate to monitor price developments over the coming months before making a decision. It also highlighted that economic activity was growing at a steady pace, despite uncertainties related to the Middle East conflict, and that job creation

remained in line with labor force trends. The Fed reaffirmed its commitment to ensuring price stability.

7. The **European Central Bank (ECB)** raised its key interest rates by 25 basis points on June 11, 2026, bringing the deposit facility rate—its main policy rate—to 2.25%. This was the first rate increase since September 2023. However, at its meeting on July 23, 2026, the Governing Council decided to keep the ECB's key interest rates unchanged, deeming that energy prices and overall inflation were in line with its June 2026 projections. It stressed that it continued to pay close attention to the magnitude and duration of the energy shock, as well as its indirect and second-round effects.

8. The **People's Bank of China (PBoC)** kept its key interest rates unchanged in the second quarter of 2026 and at its meeting on July 20, 2026, against a backdrop of slowing economic growth and uncertainties surrounding the conflict in the Middle East. The one-year loan prime rate (LPR) remained at 3.00%. On July 23, 2026, the **South African Reserve Bank (SARB)** decided to keep its policy rate at 7.00% following a 25 basis point increase in May 2026, in order to prioritize support for a still-fragile economic recovery, despite persistent inflationary risks linked to the Middle East conflict.

9. The **Bank of Ghana (BoG)** kept its policy rate at 14.00% on July 22, 2026, the level to which it had been lowered in March 2026, and which was subsequently maintained at the meeting in May. This decision marks a pause in the monetary easing cycle that began a year ago, amid resurgent inflationary risks linked to geopolitical tensions in the Middle East. It comes as inflation accelerated to 5.3% in June 2026, up from 3.2% in March 2026, driven primarily by rising food and energy prices.

10. The **Central Bank of Nigeria (CBN)** left its key policy rate unchanged at 26.50% during the second quarter, and maintained it at its meeting on July 21, 2026, amid persistent upside risks to inflation linked to the Middle East conflict, which remain contained for the time being, largely due to the stability of the naira.

11. At its meeting on June 29, 2026, the **Bank of Central African States (BEAC)** decided to ease its monetary policy stance by lowering the tender rate by 25 basis points, from 4.75% to 4.50%. The marginal lending facility rate was lowered by 50 basis points to 5.75%. However, the deposit facility rate was kept at 0.00%. This decision comes at a time when inflation for 2026 is projected at 2.4%, below the economic community's threshold of 3.0%, while the external outlook is improving, with expectations of a reduction in the current account deficit and growth in foreign exchange reserves.

Table 3 - Summary of actions taken by major central banks

	Change in the policy rate in 2025 (basis points)	Change in the policy rate from January 1 to July 20, 2026 (basis points)	Key interest rate as of July 29, 2026 (%)	Inflation target (%)	Inflation rate in June 2026 (%)
Advanced economies					
United States	-75	0	[3.50–3.75]	2.0	3.7
Eurozone	-100	25	2.25	2.0	2.8
Emerging markets					
China	-10	0	3.00	3.0	1.0
South Africa	-100	25	7.00	{3.0–6.0}	5.0
Partner countries					
Nigeria	-50	-50	26.50	{6.0–9.0}	15.9
Ghana	-900	-400	14.00	{8.0 ± 2.0}	5.3
CEMAC	-50	-25	4.50	NA	1.4
WAEMU region					
WAEMU	-25	-25	3.00	{1.0–3.0}	0.8

Sources: Central banks of the respective countries

NA: Not applicable - In accordance with Article 1 of its Statutes, the ultimate objective of the BEAC's monetary policy is to ensure monetary stability, as measured by a low inflation rate and a sufficient currency coverage ratio (the minimum threshold is 20%).

1.2.2 - Financial conditions

12. International monetary and financial conditions in the second quarter of 2026 were characterized by relative stability in short-term interest rates and higher bond yields in advanced economies.

13. In **the United States**, the overnight bank funding rate remained stable at 3.63% in the second quarter of 2026, after a similar average in the previous quarter and 4.33% a year earlier. In the **Eurozone,** the €STR (Euro Short-Term Rate), the benchmark index for the Eurozone's overnight interbank market, rose by 4 basis points, averaging 1.97% in the second quarter of 2026, compared with 1.93% in the previous quarter and 2.17% a year earlier.

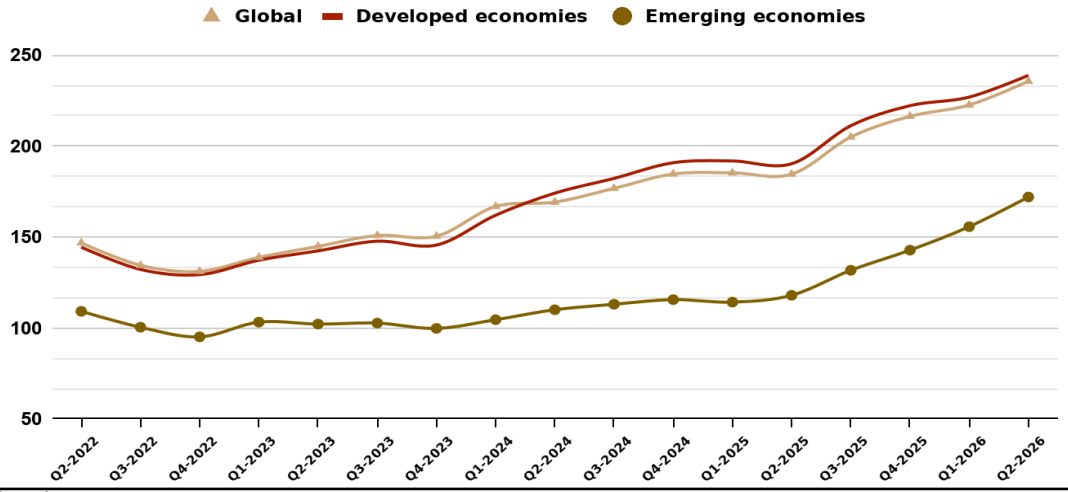
14. **Equity market** indexes rose in the second quarter of 2026, although the global environment remained uncertain. The MSCI (Morgan Stanley Capital International) Developed Markets Index gained 5.3%, following a 2.1% increase in the previous quarter. This performance primarily reflects strong corporate earnings, particularly in the technology sector, driven by investments in artificial intelligence. Meanwhile, the MSCI Emerging Markets Index rose 10.5%, following a 9.0% gain a quarter earlier, driven primarily by Asian markets—notably South Korea and Taiwan—which benefited from strong global demand for semiconductors and investments related to the development of artificial intelligence. Finally, the MSCI All Country World Index rose 5.9%, following a 2.9% gain in the previous quarter. Strong growth in the global index reflected the resilience of equity markets, supported by strong corporate earnings, rallying technology stocks due to artificial intelligence, and relative easing of tensions in the Middle East.

15. Risk aversion eased during the period under review. In fact, the VIX Index[3], which measures expected volatility on the U.S. stock market, averaged 18.3 points in the second quarter of 2026, down from 20.4

points in the first quarter, which was marked by escalating tensions in the Middle East. The index began to drop following the second-quarter high reached on April 7, 2026 (25.8 points) and subsequently fell to slightly below its five-year average (19.2 points). This change in the index, following the ceasefire and prospects of de-escalation, fueled renewed investor appetite for risky assets.

Graph 1 - Trends in MSCI indexes[4]

(base 100 = 2019) (year-over-year change, %)



Source: Bloomberg

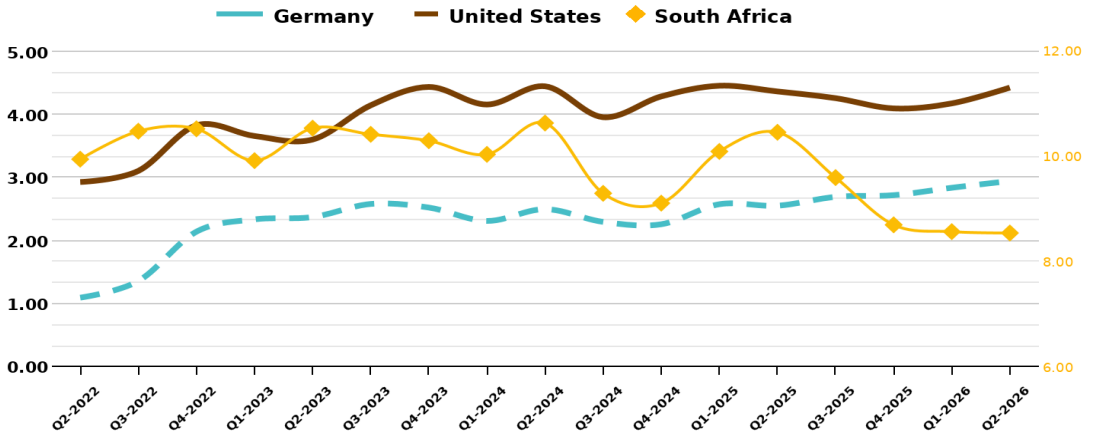
16. On the **bond markets,** yields on benchmark 10-year government bonds rose overall in the second quarter of 2026. Yields on 10-year U.S. Treasury bonds rose by 25.0 basis points compared to the previous quarter, reaching 4.42%, amid rising expectations of inflation and the Fed's continued cautious monetary policy stance. In the Eurozone, 10-year sovereign bond yields were also up, rising by 10.7 basis points in Germany and 17.9 basis points in France, to reach 2.94% and 3.63%, respectively, in the second quarter of 2026. This trend was driven by expectations of increased public expenditure in Germany, notably earmarked for defense spending. It also reflects ongoing concerns regarding France's fiscal trajectory. In South Africa, yields on 10-year sovereign bonds fell by 2.58 basis points to 8.54%, following a sharper decline of 11.3 basis points in the previous quarter.

[3] The VIX Index, calculated by the Chicago Board Options Exchange (CBOE), measures the U.S. stock market's expectation of 30-day volatility, using real-time prices of options on the S&P 500 Index. Source: Federal Reserve Bank of St. Louis.

[4] The MSCI ACWI (All Country World Index), a global index developed by MSCI, tracks the performance of 3,000 companies in 50 countries (23 developed and 27 emerging markets). It has several variants, two of which are widely used. The MSCI Developed Markets Index comprises the market capitalizations of the 23 economies with the most developed financial markets. U.S.-listed equities account for 66% of this index. A complementary index, the MSCI Emerging Markets Index, tracks the performance of equity markets in 27 emerging countries.

Graph 2 - Benchmark 10-year bond yields

(%, right-hand scale for South Africa)



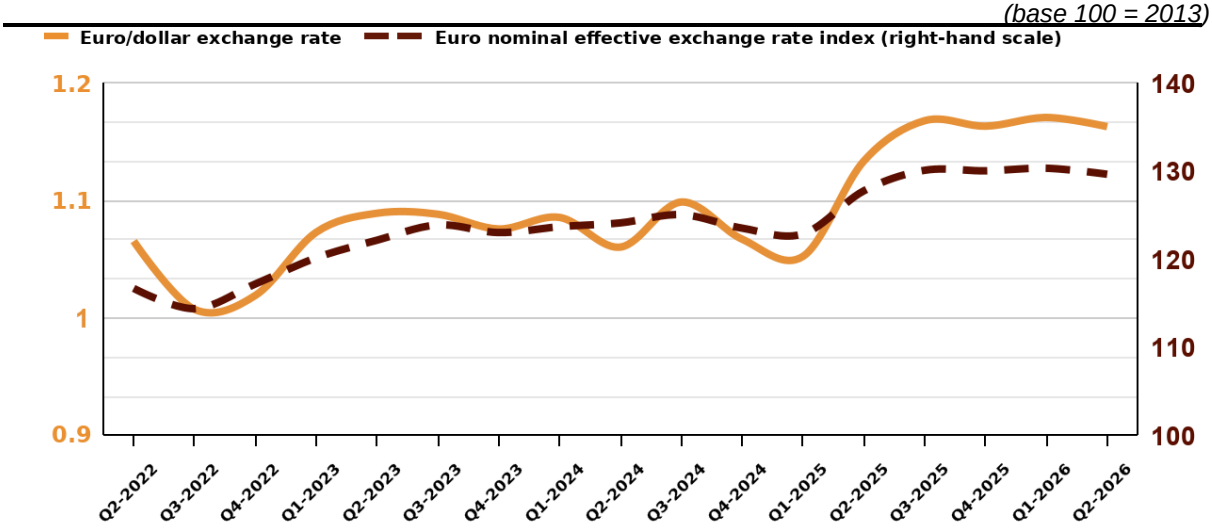
Sources: Bloomberg, Investing

1.3 - Major developments on the foreign exchange market

17. On the foreign exchange market, the **euro** fell 0.5% in the second quarter of 2026, on a quarter-over-quarter basis, compared to other major currencies, following a 0.2% gain one quarter earlier. More specifically, the EU currency depreciated against the **Russian ruble** (-5.9%), the **Chinese yuan** (-2.4%), the **U.S. dollar** (-0.6%), and the **British pound** (-0.2%). Conversely, it strengthened against the **Indian rupee** (+2.8%), the **Japanese yen** (+0.9%), and the **Swiss franc** (+0.2%).

Graph 3 - Trends in the nominal effective euro exchange rate

(base 100 = 2013)



Sources: Banque de France, ECB

18. **On a year-over-year basis**, the euro appreciated by 1.5% overall in the second quarter of 2026 after a 6.1% increase the quarter before. It notably strengthened by 2.5% against the U.S. dollar.

9. In the West African subregion, the **CFA franc** depreciated by an average of 1.0% in the second quarter of 2026, on a quarter-over-quarter basis, relative to the currencies of the ECOWAS countries, after a 3.8% decline in

the previous quarter, according to official exchange rates published by the monetary authorities of the countries concerned. The WAEMU member states' currency fell against the naira[5] (-1.9%), the Liberian dollar (-1.0%), and the Guinean franc (-0.7%). Conversely, it rose against the cedi[6] (+3.4%), the dalasi (+1.0%), and the leone (+0.7%).

20. Compared to the same period the year before, the value of the **CFA franc** declined by 10.3% against the currencies of other West African countries, due in particular to its depreciation against the naira (-11.1%), the cedi (-7.8%), the Liberian dollar (-5.8%), and the leone (-3.1%). However, it appreciated against the dalasi (+5.3%) and the Guinean franc (+4.1%)

Table 4 - CFA franc exchange rates against other West African currencies

(units of foreign currency per 1,000 CFA francs, unless otherwise indicated)

Currencies	2025			2026		Change (%)	
	Q2	Q3	Q4	Q1	Q2	quarterly	annual
Gambian dalasi	121.7	125.2	127.8	126.9	128.1	1.0	5.3
Ghanaian cedi	21.7	19.7	20.0	19.4	20.0	3.4	-7.8
Guinean franc	14,881.1	15,394.0	15,381.2	15,594.4	15,488.3	-0.7	4.1
Liberian dollar	344.5	348.5	319.9	327.9	324.7	-1.0	-5.8
Naira (Nigeria)	2,724.7	2,708.4	2,574.9	2,469.8	2,421.9	-1.9	-11.1
Leone (Sierra Leone)	25,574.1	24,820.1	24,846.2	24,599.6	24,780.9	0.7	-3.1
West Africa (*)	**512.3**	**502.2**	**482.8**	**464.5**	**459.7**	**-1.0**	**-10.3**

Sources: WAMA (official data from central banks), BCEAO (*) Index (base 100=2016)

1.4 - Commodity prices

21. During the second quarter of 2026, international **energy commodity** prices rose by 19.9% on a quarter-over-quarter basis, after a 20.6% increase the previous quarter. The increase was primarily driven by a sharp rise in crude oil prices[7] (+24.4%), partially offset by a drop in natural gas prices (-5.4%). Higher oil prices primarily reflected the impact of the war in the Middle East, with uncertainty about its future course fueling a risk premium on prices. Prices peaked in April 2026 before falling back due to the ceasefire and the signing of a memorandum of understanding between Iran and the United States. In contrast, natural gas prices fell, in line with lower demand for heating due to a milder winter, which helped maintain inventory levels above seasonal averages.

22. **Prices for non-energy products** rose 5.1% quarter over quarter in the second quarter of 2026, following a 4.1% increase three months earlier. This acceleration was primarily driven by rising fertilizer prices (+21.6%), due to the combined effect of persistently high energy costs—since natural gas is the main input for nitrogen fertilizers—and export restrictions imposed by China, which led to a tightening of global supplies. Price increases for metals and minerals (+6.2%) and agricultural products (+3.1%) also contributed to this trend. In contrast, precious metal prices (-8.5%) fell after a 23.6% increase in the previous quarter.

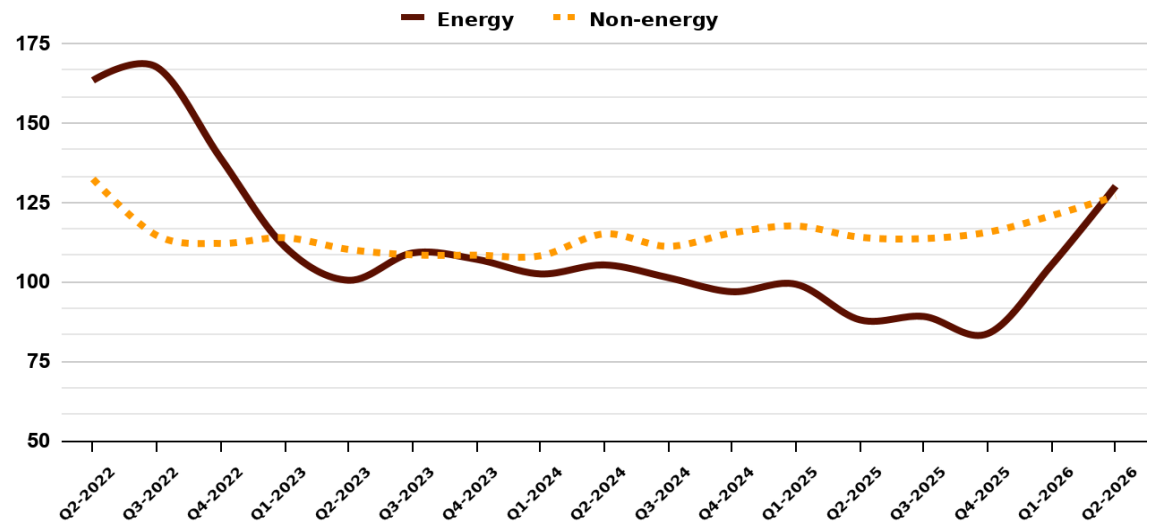
[5] The strengthening of the naira is part of an overall improvement in Nigeria's terms of trade, as the country is a net oil exporter.

[6] The cedi's decline coincided with a drop in prices for gold, Ghana's main export.

[7] The crude oil price is the simple arithmetic mean of the three benchmark grades: Brent, WTI, and Dubai.

Graph 4 - Commodity price indexes

(base 100 = 2010)



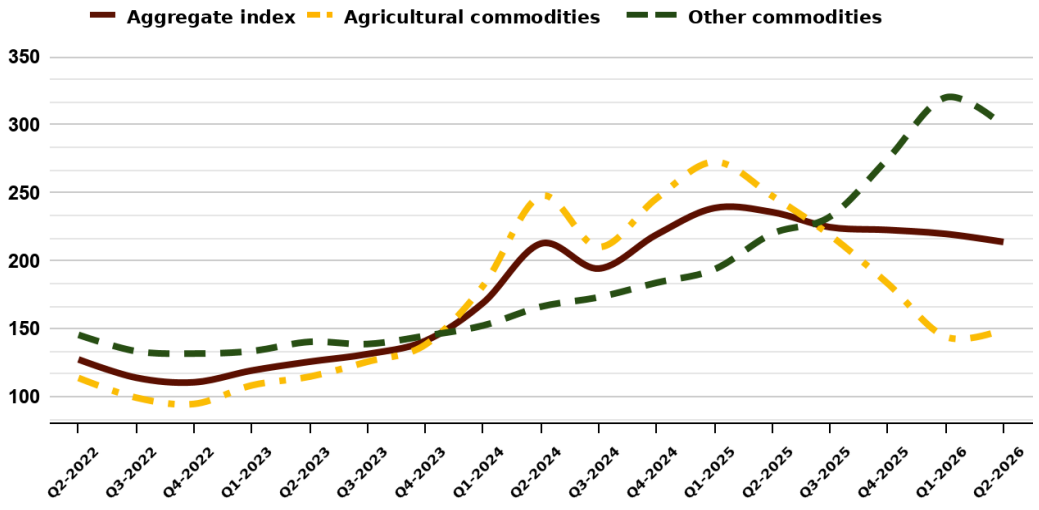
Sources: World Bank, BCEAO

1.4.1 - Price index[8] of non-petroleum commodities exported by WAEMU countries

The price index for non-petroleum commodities exported by WAEMU countries fell by 2.7% on a quarterly basis during the second quarter of 2026, following a 1.3% decline the previous quarter. This trend primarily reflects lower prices for coffee (-7.9%), gold (-7.3%), and uranium (-1.1%), while prices for cotton (+18.9%), phosphate (+19.7%), rubber (+14.2%), cashew nuts (+3.3%), palm oil (+11.9%), palm kernel oil (+4.6%), and cocoa (+0.8%) rose over the same period.

Graph 5 - Price index of non-petroleum commodities exported by WAEMU

(base 100=2013)



Sources: World Bank Commodity Price Data, Reuters, BCEAO calculations

[8] The index is denominated in a foreign currency.

23. **Coffee** prices fell due to expectations of abundant supplies, particularly from Brazil. The Brazilian government agency responsible for monitoring agricultural markets and food stocks (CONAB) has forecast a harvest of approximately 66.2 million bags in 2026, representing a 17.1% increase compared with 2025. The drop in **gold** prices was due to expectations of a restrictive Fed monetary policy amid high risks of inflationary pressures fueled by rising energy prices. The decline in **uranium** prices stemmed from weaker demand on the spot market, as electric utilities prioritized previously secured long-term supply contracts.

24. In contrast, the rise in **cotton prices** reflected strong global demand, driven by higher polyester prices, which make natural cotton more competitive as a substitute fiber. Concerns about drought in major U.S. producing regions, particularly Texas, also contributed to higher prices. The rise in **rubber** prices reflected higher oil prices, which increased the cost of synthetic rubber, thereby stimulating demand for natural rubber. It was also supported by fears of a supply crunch due to heavy rains in Thailand, the world's leading producer. The rise in **cashew** prices resulted from a decline in global supplies, against a backdrop of continued strong demand from Asia. **Palm oil** and **palm kernel oil** prices have been driven up by soaring crude oil prices, which have boosted demand for biodiesel, as well as by adverse weather conditions that could affect production. The rise in **phosphate** prices stemmed from higher production costs for phosphate fertilizers and export restrictions imposed by producing countries.

25. The rise in **cocoa** prices reflected fears of supply disruptions in West Africa due to adverse weather conditions in Côte d'Ivoire and Ghana, which experienced erratic rainfall and torrential downpours. Concerns about a possible return of the El Niño phenomenon, as well as rising fertilizer prices resulting from geopolitical tensions in the Middle East, also fueled expectations of a supply shortage.

Table 5 - Prices of commodities exported by WAEMU countries

	Average Price Q2 2026				Change compared to Q1 2026 (%)		Change compared to Q2 2025 (%)	
	units and value in foreign currency		units and value in CFA F		currencies	CFA F	currencies	CFA F
Crude oil (NYMEX)	$/barrel	88.8	mt	358,250.2	25.3	25.9	39.9	36.4
Robusta coffee (ICO)	cents per pound	175.8	kg	2,187.3	-7.9	-7.4	-25.7	-27.5
Cocoa (ICCO)	cents per pound	180.6	kg	2,247.2	0.8	1.4	-53.3	-54.4
Cotton (NY #2)	cents per pound	78.7	kg	979.1	18.9	19.6	17.7	14.9
Palm oil	$/metric ton	1,524.0	kg	860.3	11.9	12.5	31.0	27.8
Palm kernel oil	$/metric ton	2,088.9	kg	1,179.2	4.6	5.1	8.7	6.0
Rubber	eurocents/kg	201.7	kg	1,323.2	14.2	14.2	26.2	26.2
Cashew nuts	$/metric ton	1,646.1	kg	929.3	3.3	3.9	-7.9	-10.2
Gold	$/ounce	4,514.2	gram	81,930.5	-7.3	-6.8	37.6	34.2
Uranium	$/pound	69.2	kg	86,085.3	-1.1	-0.5	22.4	19.4
Phosphate	$/metric ton	205.5	kg	116.0	19.7	20.3	12.8	10.1

Sources: Reuters, BCEAO calculations

1.4.2 - Price index[9] of food commodities imported by WAEMU countries

26. The price index for major food products imported by WAEMU countries, expressed in foreign currencies, rose by 12.6% on a quarterly basis in the second quarter of 2026, following a 4.5% increase recorded in the previous quarter. This trend was notably driven by increases in the prices of soybean oil (+24.7%), rice (+11.3%), wheat (+9.9%), milk (+9.2%), and sugar (+3.9%).

27. **Soybean oil** prices were buoyed by strong demand driven by growth in the biofuel sector and expectations of an increase in Chinese soybean imports for the 2026/2027 crop year. The rise in **rice** prices can be ascribed to supply outlook risks, amid concerns about the negative effects of El Niño on production in Asia, as well as fertilizer shortages. Higher **wheat** prices were driven by expected lower production, fueled by unfavorable weather conditions in the U.S. Great Plains and persistent drought, particularly in Nebraska and Oklahoma. The rise in **milk** prices reflected declining production in Europe and Oceania, while demand from the dairy industry remained strong. Increased **sugar prices** were due to expectations of a tightening of global supplies, as production forecasts for the 2025/2026 crop year were revised downward, while rising oil prices stimulated the demand for sugarcane for biofuel production.

28. On an annual basis, **the price index for the main food products imported by WAEMU countries** rose by 2.1% in the second quarter of 2026, following an 11.2% decline in the previous quarter. This trend primarily reflected higher prices for vegetable oils (+48.6%) and wheat (+13.6%), offset by lower prices for rice (-9.8%), milk (-8.3%), and sugar (-5.4%).

[9] The index is denominated in a foreign currency. The base year is 2017.

2 - AGGREGATE SUPPLY AND DEMAND

According to the latest estimates, real GDP in WAEMU grew by 6.0% year over year in the second quarter of 2026, following 6.1% growth in the previous quarter. Economic growth trends were driven by increases in value added across all sectors. Domestic demand remained the main driver of growth, supported by final consumption and investment.

2.1 - Aggregate supply

29. Economic activity in the Union remained robust in the second quarter of 2026, with a year-over-year gross domestic product (GDP) growth rate of 6.0%, following 6.1% in the previous quarter. The business climate indicator, which summarizes the views of business leaders, remained above its long-term trend at 100.6 points, after 100.8 points in the previous quarter, reflecting continuing business leader confidence in the economic outlook. The growth carry-over, which is the minimum level of annual growth that would be reached if change in the GDP stabilized at the level of the last observed quarter, stood at 4.7% in the second quarter of 2026.

30. The increase in real GDP in the Union resulted from strong economic activity across all sectors. During the quarter under review, the primary sector's contribution to the growth in output increased by 0.1 percentage point to stand at 1.0 percentage point. The secondary sector's contribution was 1.6 percentage point, unchanged from the previous quarter. The contribution of the tertiary sector stood at 3.4 percentage points, compared with 3.6 percentage points a quarter earlier.

Table 6 - Contributions to GDP growth, year over year

(Seasonally and calendar-adjusted (SCA) data, in %)

	2024	2025			2025	2026	
		Q2	Q3	Q4		Q1	Q2
Primary sector	1.0	0.6	0.8	0.8	0.9	0.9	1.0
Secondary sector	1.5	2.3	2.4	1.9	2.0	1.6	1.6
Tertiary sector	3.7	3.7	3.3	3.4	3.6	3.6	3.4
GDP	**6.2**	**6.6**	**6.5**	**6.1**	**6.5**	**6.1**	**6.0**

Source: BCEAO

31. Year-over-year changes in economic activity by country are presented in Table 7 below.

Table 7 - GDP trends

(Year-over-year seasonally and calendar-adjusted data, in %)

Country	2024	2025			2025	2026	
		Q2	Q3	Q4		Q1	Q2
Benin	7.5	8.4	8.6	7.8	8.1	6.9	6.6
Burkina Faso	4.8	5.3	5.4	5.2	5.3	5.6	5.5
Côte d'Ivoire	6.0	7.0	6.2	6.5	6.6	6.2	.0
Guinea-Bissau	4.4	6.2	5.5	5.0	5.5	5.1	4.9
Mali	5.0	6.1	6.1	5.3	5.6	6.3	5.9
Niger	8.3	5.6	7.3	5.5	6.6	7.2	7.0
Senegal	6.5	6.5	6.7	5.5	6.7	4.6	5.0
Togo	6.5	6.3	6.3	5.4	6.2	6.1	6.5
WAEMU	**6.2**	**6.6**	**6.5**	**6.1**	**6.5**	**6.1**	**6.0**

Sources: National statistics institutes, BCEAO

2.1.1. Primary sector

32. Value added in the primary sector increased 4.5% year over year in the second quarter of 2026, following a 4.4% increase in the previous quarter. This growth was driven by strong performances in livestock, fishing, and food crop production.

33. According to available data for the 2025/2026 agricultural season, food crop production totaled 81,168,474 metric tons, a 4.2% increase year over year. This was primarily due to higher production of cereals (+6.8%, or 2,266,308 metric tons), tubers (+3.5%, or 998,323 metric tons), and other food crops (+0.1%, or 12,959 metric tons). Compared to the average of the previous five crop years, the supply of food crops over the 2025/2026 crop year increased by 10.1%.

Table 8 - Trends in food crop production in WAEMU

(in metric tons, unless otherwise indicated)

	2021/2022	2022/2023	2023/2024	2024/2025* (1)	2025/2026* (2)	Average of the previous five crop years (3)	Change (%)	
							(2)/(1)	(2)/(3)
Cereals	27,294,963	29,705,322	32,311,106	33,328,054	35,594,362	30,819,962	6.8	15.5
Tubers	25,944,245	26,877,149	28,151,219	28,262,998	29,261,321	27,091,909	3.5	8.0
Other crops	15,712,552	15,467,657	15,160,133	16,299,832	16,312,791	15,814,373	0.1	3.2
Total	**68,951,760**	**72,050,128**	**75,622,458**	**77,890,884**	**81,168,474**	**73,726,244**	**4.2**	**10.1**

Sources: Member states' ministries of Agriculture, BCEAO calculations *(*) Estimates*

Note: Some data has been revised by member states since the publication of the June 2026 Monetary Policy Report.

34. With regard to export commodities, harvests of groundnuts, cashew nuts, and rubber were higher at the end of the 2025/2026 crop year compared to the previous one, while harvests of cocoa, coffee, and seed cotton declined.

Table 9 - Trends in cash crop production in WAEMU

(in metric tons, unless otherwise specified)

	2021/2022	2022/2023	2023/2024	2024/2025* (1)	2025/2026* (2)	Average of the previous five crop years (3)	Change (%)	
							(2)/(1)	(2)/(3)
Cocoa	2,244,122	2,376,300	1,841,820	1,912,400	1,862,200	2,112,892	-2.6	-11.9
Coffee	84,312	120,000	74,202	101,833	57,300	97,290	-43.7	-41.1
Cotton seed	2,757,929	2,104,794	2,020,814	2,117,773	1,967,471	2,195,821	-7.1	-10.4
Groundnuts	3,659,491	3,759,759	4,059,362	4,585,066	5,296,127	4,030,487	15.5	31.4
Cashew nuts	1,414,166	1,539,292	1,779,388	1,486,900	2,128,350	1,491,711	43.1	42.7
Rubber	1,100,386	1,332,600	1,624,824	1,686,600	1,853,100	1,338,737	9.9	38.4

Sources: National marketing services *(*) Estimates*

35. **Groundnut** harvests increased by 15.5%, reaching 5,296,127 metric tons, reflecting the favorable spatial and temporal distribution of rainfall in producing countries. Significant increases were recorded in Senegal (+26.8%), Benin (+21.3%), Côte d'Ivoire (+21.4%), and Niger (+13.0%).

36. **Cashew nut** production rose by 43.1%, reaching 2,128,350 metric tons. This increase reflected higher harvests in Côte d'Ivoire (+64.0%), Guinea-Bissau (+11.0%), and Burkina Faso (+10.0%), due to favorable weather conditions in the main production zones. In Côte d'Ivoire, the increase was also driven by the introduction of new high-yield cashew varieties, enhanced technical guidance for producers on best agricultural practices, and higher farm-gate prices, which served as an incentive for production.

37. The regional **rubber** supply stood at 1,853,100 metric tons, up 9.9% from the previous agricultural season, thanks in particular to the Ivorian government's support for the sector's development.

38. In contrast, **cocoa** production fell 2.6% over the 2025/2026 crop year, totaling 1,862,200 metric tons. The decline was primarily due to lower production in Côte d'Ivoire (-2.7%) following unfavorable weather conditions.

39. **Coffee** harvests were down 43.7% at the end of the 2025/2026 crop year. They stood at 57,300 metric tons due to unfavorable weather conditions leading to a 62.2% decrease in production in Côte d'Ivoire.

40. **Cotton seed** production is estimated at 1,967,471 metric tons, down 7.1% from the 2024/2025 crop year due to persistent attacks by cotton crop pests (jassids). Lower production primarily reflected decreases in Mali (-33.9%) and Côte d'Ivoire (-10.4%), partially offset by production increases in Togo (+21.9%), Burkina Faso (+14.9%), Benin (+7.4%), and Guinea-Bissau (+2.7%).

2.1.2. Secondary Sector

41. During the quarter under review, value added in the secondary sector rose 6.7% in real terms year over year, after a similar increase in the previous quarter. The business climate indicator for the secondary sector remained above its long-term trend at 100.1 points, up from 99.9 points in the previous quarter, reflecting business leaders' confidence in the economic outlook.

42. Industrial production grew by 5.7% in the second quarter of 2026, compared with 5.6% in the previous quarter. The growth momentum was driven primarily by extractive industries, notably oil[10], gold[11], and uranium[12] production in certain countries of the Union. It also reflected the expansion of manufacturing of beverages, apparel, and mineral materials, as well as the increase in oil refining activities in Côte d'Ivoire.

43. However, the index's momentum was tempered by the underperformance of chemical manufacturing industries in Burkina Faso, Côte d'Ivoire, Niger, and Senegal, as well as food manufacturing industries in Côte d'Ivoire, Niger, Senegal, and Togo.

Table 10 - Trends in the industrial production index (IPI) in WAEMU

(Year-over-year seasonally and calendar-adjusted data, %)

Sectors	2025			2025	2026	
	Q2	Q3	Q4		Q1	Q2
EXTRACTIVE INDUSTRIES	**24.6**	**16.7**	**7.9**	**21.5**	**4.3**	**11.6**
Hydrocarbon extraction	*203.1*	*51.7*	*5.3*	*83.9*	*2.5*	*13.2*
Metal ore mining	*-21.4*	*-3.5*	*10.1*	*-6.9*	*2.8*	*9.7*
Other mining and quarrying activities	*16.4*	*8.4*	*9.4*	*11.5*	*21.1*	*12.8*
MANUFACTURING ACTIVITIES	**2.9**	**4.7**	**6.7**	**4.1**	**6.2**	**3.1**
Food manufacturing	*5.3*	*-0.7*	*-0.2*	*2.1*	*4.8*	*0.9*
Beverage manufacturing	*14.9*	*12.5*	*23.1*	*20.3*	*8.0*	*11.6*
Textile manufacturing	*11.3*	*7.5*	*-0.7*	*-7.0*	*42.4*	*8.9*
Oil refining, coking	*5.0*	*10.4*	*16.6*	*8.7*	*9.0*	*6.1*
Chemical manufacturing	*-0.4*	*32.9*	*40.3*	*15.0*	*-6.4*	*-9.4*
Clothing manufacturing	*0.7*	*-0.4*	*-9.5*	*2.7*	*1.0*	*10.6*
Manufacturing of mineral materials	*8.5*	*-3.2*	*3.4*	*3.6*	*2.6*	*5.0*
ELECTRICITY AND GAS PRODUCTION AND DISTRIBUTION	**4.6**	**7.6**	**2.6**	**5.9**	**5.5**	**3.5**
Electricity and gas production and distribution	*4.6*	*7.6*	*2.6*	*5.9*	*5.5*	*3.5*
WATER SUPPLY AND DISTRIBUTION, SANITATION, WASTE MANAGEMENT, AND DECONTAMINATION	**5.3**	**5.8**	**5.2**	**5.2**	**6.9**	**3.3**
Water collection, treatment, and distribution	*5.3*	*5.8*	*5.2*	*5.2*	*6.9*	*3.3*
INDUSTRIAL PRODUCTION INDEX	**8.7**	**8.4**	**6.8**	**9.1**	**5.6**	**5.7**

Source: BCEAO

[10] In Côte d'Ivoire, Niger, and Senegal.

[11] In Burkina Faso, Côte d'Ivoire, and Mali.

[12] In Niger.

2.1.3 Tertiary sector

44. Value added in the tertiary sector rose 6.2% year over year in the second quarter of 2026, compared with 6.4% in the previous quarter. The business climate indicator for the sector remained above its long-term trend, standing at 104.0 points compared with 103.9 points in the previous quarter. This reflected continued optimism among business leaders regarding economic conditions, particularly in the retail sector.

45. The retail sales index (SI) rose 4.4% in the quarter under review, following a 3.5% increase in the first quarter of 2026. This trend was due to increased sales of motor vehicles, auto parts, and accessories in Benin, Côte d'Ivoire, Mali, Niger, Togo, and Senegal. It was also bolstered by retail sales of food products in Côte d'Ivoire and construction materials in Togo. This upward trend was, however, partially offset by a contraction in wholesale trade of petroleum products in Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, and Niger.

46. In the financial services sector, activity expanded by 14.9% during the second quarter of 2026, following a 15.4% increase the previous quarter, driven primarily by continued strong momentum in bank deposits, which rose 26.6% over the period under review.

47. The revenue index for market services (excluding financial services), meanwhile, rose 4.5% year over year in the second quarter of 2026, following an 8.0% increase in the previous quarter. This trend was driven by higher supplies of transportation and warehousing, food services, and accommodation services in Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Niger, and Togo. It was also due to higher revenue from IT and telecommunications services in Côte d'Ivoire, Mali, Niger, and Senegal. However, growth in the index was partially offset by a slowdown in real estate activity in Côte d'Ivoire, Mali, and Togo, as well as a decline in specialized, scientific, and technical services in Benin, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

Table 11 - Changes in the sales index (SI) in WAEMU

(Year-over-year seasonally and calendar-adjusted data, in %)

	2025	2025			2026	
		Q2	Q3	Q4	Q1	Q2
Retail Sales Index	**2.0**	**1.3**	**0.0**	**4.1**	**3.5**	**4.4**
Trade and repair of automobiles and motorcycles	*6.6*	*7.3*	*10.4*	*3.0*	*4.2*	*9.2*
Wholesale trade and commission trade	*6.0*	*5.9*	*3.5*	*6.0*	*3.7*	*0.0*
Retail trade	*0.4*	*-0.5*	*-1.9*	*3.7*	*3.4*	*5.1*
Market Services Sales Index	**6.9**	**6.6**	**9.9**	**5.0**	**8.0**	**4.5**
Transportation and warehousing services	*6.5*	*4.4*	*9.7*	*11.3*	*10.1*	*9.6*
Accommodations and food services	*2.7*	*1.0*	*5.9*	*3.8*	*4.5*	*4.9*
Information and communications service	*3.7*	*-3.3*	*24.6*	*8.0*	*9.4*	*16.9*
Real estate services	*39.4*	*10.3*	*5.0*	*2.7*	*14.3*	*-5.4*
Specialized, scientific, and technical services	*32.8*	*67.6*	*46.9*	*1.6*	*38.5*	*-2.4*
Financial Services Sales Index	**15.5**	**15.3**	**15.1**	**15.5**	**15.4**	**14.9**

Source: BCEAO

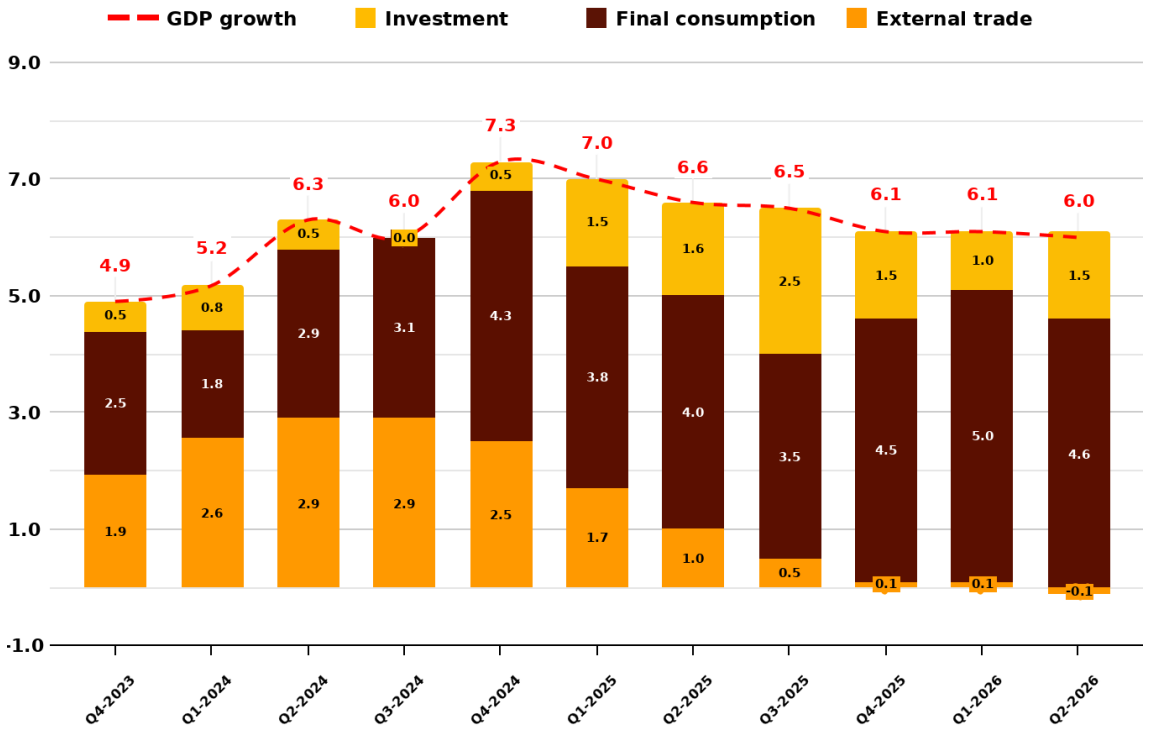
2.2 - Aggregate demand

48. Economic growth in WAEMU in the second quarter of 2026 was driven mainly by internal demand, which rose 6.2% year over year, following a 6.1% increase in the previous quarter. Final consumption grew by 6.7% during the quarter under review, after a 6.9% increase in the first quarter of 2026. Capital expenditure, meanwhile, rose by 5.1%, after 4.2% in the previous quarter, reflecting continued implementation of major projects in the energy and transportation infrastructure sectors.

49. Change in the contribution of international trade to economic growth stood at -0.1 percentage point, following 0.1 percentage point in the previous quarter. Imports rose 2.9% after a 2.0% increase, while exports fell 3.1% after rising by 6.0%.

Graph 6 - Contributions of demand items to growth

(in percentage points)



Source: BCEAO

50. To recap, the Union's real GDP growth rate for 2025 was estimated at 6.5%, following an actual rate of 6.2% in 2024. Growth was mainly driven by buoyant tertiary and secondary sectors. The tertiary sector remained the main driver of growth, contributing 3.6 percentage points thanks to robust trade and services. The secondary sector contributed 2.0 percentage points, thanks to the strong performance of extractive industries, driven by the exploitation of hydrocarbon deposits in Côte d'Ivoire, Senegal, and Niger, as well as growth in manufacturing. For its part, the primary sector contributed 0.9 percentage point, reflecting an increase in agricultural production, particularly food crops.

51. Analyzed in terms of GDP components, economic growth in 2025 was mainly driven by final consumption and capital expenditure, which contributed 3.8 and 2.0 percentage points, respectively. The contribution of the external sector stood at 0.7 percentage point, thanks to higher exports, primarily of mining, oil, and gas products.

Table 12 - Yearly trends in contributions to growth, in real terms (%)

	2023	2024	2025*	
			Estimate (June 2026)	Estimate (Sept. 2026)
Primary sector	**0.6**	**1.0**	**0.9**	**0.9**
Secondary sector	**2.2**	**1.5**	**2.0**	**2.0**
incl.: - Manufacturing	*1.5*	*0.6*	*0.6*	*0.6*
- Extractive industries	*0.1*	*0.7*	*1.0*	*1.0*
- Construction and public works	*0.5*	*0.1*	*0.3*	*0.3*
Tertiary sector	**2.5**	**3.7**	3.7	3.6
Real GDP	**5.3**	**6.2**	**6.6**	**6.5**
Final consumption	**2.8**	**1.7**	**3.9**	**3.8**
Private	*2.4*	*1.2*	3.6	3.5
Public	*0.4*	*0.5*	0.3	0.3
CapEx	**2.3**	**2.0**	**1.9**	**2.0**
Private	*1.8*	*1.4*	1.3	1.4
Public	*0.5*	*0.6*	0.6	0.6
External sector	**0.2**	**2.5**	**0.8**	**0.7**

Sources: National statistics institutes, BCEAO

52. In comparison to the estimates previously published in the June 2026 report, the Union's economic growth was revised downward slightly by 0.1 percentage point in 2025. This change was mainly due to a downward revision of growth in Senegal (-1.1 percentage point), partially offset by upward revisions in Niger (+0.3 percentage point) and Guinea-Bissau (+0.3 percentage point).

53. The 1.1-point decrease in economic growth in Senegal was primarily due to a downward revision of growth in extractive industries (+76.3% versus +77.2%) combined with slowdowns in the manufacturing sector (+0.1% versus +2.1%) as well as transportation and communications (+0.5% instead of +2.6%). It was also linked to a smaller increase in indirect taxes net of subsidies (+2.4% versus +4.8%). Conversely, the 0.3-point gain in growth in Niger was linked to an increase in value added from extractive industries (+39.6% versus +36.4%), while the 0.3-percentage-point increase in Guinea-Bissau was due to stronger growth in agricultural activities (+6.9% compared to +5.9% previously).

3 - RECENT TRENDS IN INFLATION AND COMPETITIVENESS

The inflation rate in the European Union stood at +0.4% year over year in the second quarter of 2026, following -0.2% in the previous quarter. This change was mainly due to higher prices for products in the "Transportation" category, which rose 2.6% after a 0.6% decline, bringing its contribution to inflation to 0.2 percentage point, compared with -0.1 percentage point in the previous quarter. The core inflation rate stood at 0.8% in the quarter under review, following 1.3% in the previous quarter.

The real effective exchange rate (REER) fell by 4.3% in the second quarter of 2026 compared with the same period last year, following a 4.2% decline in the first quarter of 2026. This trend, which reflects the Union's continued competitiveness gains, resulted from a 3.8% depreciation in the nominal effective exchange rate, combined with a favorable inflation differential of 0.5 percentage point.

3.1 - Recent trends in inflation

54. The general price level in the Union, compared to the same period of the previous year, rose by 0.4% in the second quarter of 2026, following a 0.2% decline in the previous quarter. The return of inflation to positive territory, following negative rates for the previous three quarters, was primarily due to a slowdown in the pace of price decreases in "Food Products", whose contribution shifted from -0.8 percentage point to -0.3 percentage point, as well as rising prices in the "Transportation" category (+0.2 percentage point after -0.1 percentage point). This trend was partially offset by lower contributions from "Communications" (0.0 percentage point after +0.1 percentage point) and "Housing" (0.2 percentage point after +0.3 percentage point).

55. Costs under the "Transportation" category rose by 2.6%, following a 0.6% decline in the previous quarter, largely in line with higher prices for fuel (+3.4% after -3.4%), used cars (+5.3% after -5.7%), and road passenger-transportation services (+1.6% after +1.5%). These trends primarily reflect the knock-on effects of rising hydrocarbon prices in the Union's markets, following increases in international petroleum product prices. Following price adjustments implemented in Mali in late March 2026, the authorities in Guinea-Bissau, Côte d'Ivoire, Benin, and Togo raised pump prices in April and May 2026.

Table 13 - Increases in gasoline prices at the pump in the Union in the second quarter of 2026

Country	Gasoline (CFA F/liter)	Diesel (CFA F/liter)	Effective Date
Guinea-Bissau	899 (+18.3%)	898 (+17.2%)	April 3, 2026
Côte d'Ivoire	875 (+6.7%)	700 (+3.7%)	May 1, 2026
Benin	725 (+4.3%)	750 (+4.2%)	May 1, 2026
Togo	725 (+6.6%)	750 (+7.9%)	May 27, 2026

Source: BCEAO

56. The slowdown in the rate of decrease in food prices (-0.9% vs. -2.2%) was due to higher prices for vegetables (+13.5% vs. +2.8%), meat (+8.4% vs. +6.5%) and fish (+4.6% vs. -1.2%), as well as a smaller decrease in vegetable oil prices (-1.7% after -2.4%). On

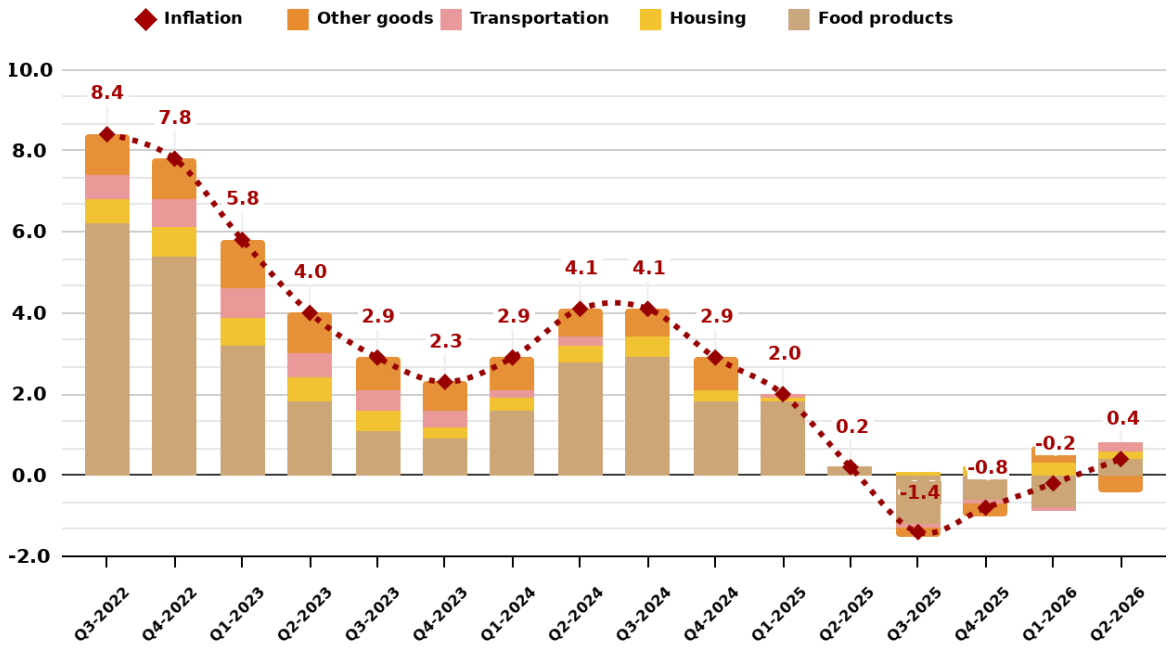
the other hand, cereal prices[13] fell more sharply (-11.7% vs. -10.5%).

57. Furthermore, the price index for food products imported by WAEMU member states, expressed in CFA francs, was down 0.3% in the second quarter of 2026, following a 21.2% drop in the previous quarter. The decrease was driven by falling world prices for rice (-12.0%), sugar (-7.6%), and milk (-10.6%), a trend moderated by higher wheat prices (+10.7%).

58. The drop in "Communications" prices (-0.2% after a 1.1% increase in Q1), was mainly due to lower prices for mobile phone equipment (-4.4%, after -2.2%), communications services (-1.2% after a 3.8% increase), and communications equipment repair and rental (-0.1% after a 1.0% increase).

59. The slowdown in costs under the "Housing" category (+2.2% versus +2.9%, previously) was notably driven by slowdowns in prices for housing maintenance, repair, and security services (+1.4% versus +1.9%) and firewood (+3.6% versus +7.2%).

Graph 7 - Contributions to HICP changes in WAEMU (in %)



Source: BCEAO

60. The breakdown by category showed a 0.1% increase in the rate of growth of prices for goods in the second quarter of 2026, compared with a drop of 1.0% in the previous quarter. Meanwhile, service prices rose 1.0% over the period under review, following a 1.3% increase in the previous quarter. This trend can be ascribed to an increase in prices for transportation service, partially offset by a slowdown in prices for housing-related services, as well as a drop in prices for communications[13] services.

[13] The continuing decline in grain prices is the result of a steady supply of cereal products to the markets, due to the strong performance of the 2025/2026 harvest (+6.8% in production of cereals), which prompted decreases in rice prices in Burkina Faso (-18.8%, following a previous drop of 24.5%), Mali (-17.7%, following a previous drop of 14.4%), and Niger (-14.3%, following a previous drop of 24.4%). The price of millet also dropped, particularly in Mali (down 30.8% after decreasing by 33.3%) and Niger (down 20.2% after a 29.7% drop). Finally, there were significant decreases in maize prices in Mali (-30.4% vs. -23.0%), Burkina Faso (-36.1% vs. -35.9%), and Niger (-44.6% vs. -39.8%).

61. The core inflation rate, which measures price changes excluding fresh foods and energy, stood at 0.8% during the quarter under review, following a rate of 1.3% in the first quarter of 2026. This trend reflected a deceleration in the cost of certain food items included in the core index, particularly tubers and milled grain products. The trend in prices for non-food items included in core inflation notably reflected lower rates for communication services as well as lower costs for housing, recreation, and cultural services.

62. In the second quarter of 2026, the fresh food price index recorded a decrease of 4.6%, following a 3.4% drop in the previous quarter, driven by lower prices for cereals and oils. In contrast, energy prices rose by 2.6% after remaining flat a quarter earlier, driven by year-over-year increases in fuel prices in Guinea-Bissau (+17.8%), Mali (+13.1%), Togo (+4.8%), Côte d'Ivoire (+3.6%), and Benin (+2.8%).

Table 14 - Trends in inflation and its components

	Year-over-year changes (%)		Contributions (in percentage points)		
	Q1-2026	Q2-2026	Q4-2025	Q1-2026	Q2-2026
Fresh foods	-3.4	-4.6	-1.0	-1.0	-0.3
Energy	0.0	2.6	0.1	0.0	0.3
Core inflation	***1.3***	***0.8***	***0.1***	***0.8***	***0.5***
Headline inflation	**-0.2**	**0.4**	**-0.8**	**-0.2**	**0.4**
Food products	-2.2	-0.9	-0.6	-0.8	-0.3
Alcoholic beverages	2.7	2.6	0.0	0.0	0.0
Apparel	0.4	0.6	0.1	0.0	0.0
Housing	2.9	2.2	0.2	0.3	0.2
Furnishings	0.6	0.4	-0.1	0.0	0.0
Health	0.9	0.3	-0.1	0.1	0.0
Transportation	-0.6	2.6	-0.1	-0.1	0.2
Communications	1.1	-0.2	0.1	0.1	0.0
Recreation and Culture	1.0	0.7	0.0	0.0	0.0
Education	0.6	0.4	0.0	0.0	0.0
Restaurants & Hotels	1.1	1.1	-0.3	0.1	0.1
Insurance & Financial Services	4.7	5.1	0.0	0.0	0.0
Other goods	1.1	1.2	0.0	0.1	0.0

Sources: National statistics institutes, BCEAO

63. The country-by-country breakdown shows positive inflation in Côte d'Ivoire (+1.6% after +1.8%), Mali (+1.4% after +0.2%), Senegal (+1.0% versus +0.9%), Burkina Faso (+0.5%, unchanged from the previous quarter), and Togo (+0.4% versus +0.7%). In contrast, decreases in the general price level were seen in Benin (-0.6% versus +0.1%), Guinea-Bissau (-1.4% after -3.6%), and Niger (-5.1% versus -10.0%).

64. **In Côte d'Ivoire**, the pace of inflation was primarily driven by the "Transportation" category (+0.7% versus -2.2%). The price increase in this component stems from the direct impact of higher fuel prices, effective

as of May 1, 2026 (+6.7% for gasoline and +3.7% for diesel). It was also driven by an acceleration in prices for land-based passenger transportation services (+13.5% compared with +9.0% previously), new cars (+3.1% after +1.3%), and used cars (+1.8% vs. -0.4%). This trend was tempered by a slowdown in mobile communication service rates (+2.1% after +7.6%) and a drop in prices for information and communications equipment (-4.9% after -3.1%).

65. **In Mali**, the increase in inflation was driven by higher prices in the "Transportation" (+10.6% after -0.5%) and "Food Products" (+2.0% after -0.9%) categories. The acceleration in prices for the "Transportation" component followed an increase in fuel prices in March 2026 (+12.9% for gasoline and +29.7% for diesel), which led to higher prices for land-based passenger transportation (+18.1% compared to +8.5%). Price increases for the food component were driven by higher prices for meat (+17.9% after +9.1%), fresh fish (+11.0% after +0.6%) and vegetable oils (+2.5% versus -2.6%).

66. **In Senegal**, the increase in inflation was driven by the "Food Products" category (+0.8% after +0.4% previously). Food price increases were linked to higher prices for fresh fish (+5.7% compared to -13.0%) and fresh meat (+0.0% versus -2.2%). The "Communications" component (+0.2% after -0.4%) also contributed to the upward trend in the general price level.

67. **In Burkina Faso**, the inflation rate remained stable at 0.5% throughout the first two quarters of 2026, due in particular to lower prices in the "Health" sector (-0.7% versus +1.0%) and a slowdown in price increases in the "Restaurants and Hotels" sector (+2.5% after +4.0%), which offset the rise in prices in the "Food and Non-Alcoholic Beverages" sector (+0.5% compared with -2.0%). The developments in food prices reflected higher prices for meat (+15.3% compared with +10.4%) and fish (+5.6% vs. +2.7%), partially offset by lower prices for vegetable oils (-5.0% as compared with -6.3%).

68. **In Togo**, continuing positive inflation was mainly driven by the "Transportation" component (+2.2% as against +0.1%), linked to hikes in fuel costs (+3.7% compared to -0.7%) and land-based passenger transportation services (+1.3% after +0.5%). It also resulted from an acceleration in fares for passenger air transportation services (+36.9% after +14.5%) and moving and storage services (+0.6% after 0.0%). However, these price rises were partially offset by a drop in rates for mobile communication services (-3.9% compared with -1.6%).

69. **In Benin**, lower inflation was mainly due to a sharper decrease in food prices (-3.7% compared with -0.4%), linked to lower prices for local cereals (-14.9% after -9.5%), legumes (-12.9% after -9.4%), and vegetable oils (-6.7% versus -2.3%). It also reflected slowdowns in prices for fish (+6.4% after +9.7%) and fresh meat (+3.7% after +8.2%). However, the trend was mitigated by rising fuel prices (+16.7% after +1.4%) under the "Transportation" component (+10.0% after +0.5%).

70. **In Guinea-Bissau**, the decline in the general price level continued to be linked to lower food prices (-5.3% after -9.7%), driven by price drops on local cereals (-12.6% versus -16.7%) and fresh vegetables (-9.4% versus -16.3%). These price decreases were offset by higher prices for green legumes (+12.3% after -4.2%) and meat (+3.3% compared with +0.0%).

71. **In Niger**, continued negative inflation stemmed primarily from continuing price drops under the "Food Products" category (-10.7% after -19.4%), owing to lower prices for cereals (-30.7% versus -27.9%) and tubers (-12.0% versus -11.7%), due to accumulated stocks from previous years (exceptional harvests from the 2024/2025 agricultural season (+14.7%) and the expansion of off-season crops thanks to the implementation of a large-scale irrigation program). This trend was offset by higher costs under the "Restaurants and Hotels" category (+2.5% versus -0.9%), resulting from increased prices for food services (+7.2% after -0.4%) and accommodations (+9.1% after +8.1%).

Table 15 - Year-over-year trends in inflation by country in WAEMU (%)

Country	2024(*)	2025(*)	Q2 2025	Q3-2025	Q4 2025	Q1 2026	Q2-2026
Benin	1.2	1.1	1.1	1.5	1.4	0.1	-0.6
Burkina Faso	4.2	-0.5	1.5	-2.7	-2.7	0.5	0.5
Côte d'Ivoire	3.5	0.1	0.0	-0.6	0.1	1.8	1.6
Guinea-Bissau	3.7	0.9	1.4	-1.8	-2.1	-3.6	-1.4
Mali	3.2	2.3	3.7	-0.5	-0.1	0.2	1.4
Niger	9.1	-4.7	-4.2	-9.4	-8.3	-10.0	-5.1
Senegal	0.8	1.4	0.3	2.2	2.5	0.9	1.0
Togo	2.9	0.4	0.4	-0.7	-0.1	0.7	0.4
WAEMU	**3.5**	**0.0**	**0.2**	**-1.4**	**-0.8**	**-0.2**	**0.4**

Sources: National statistics institutes, BCEAO *(*) Annual average*

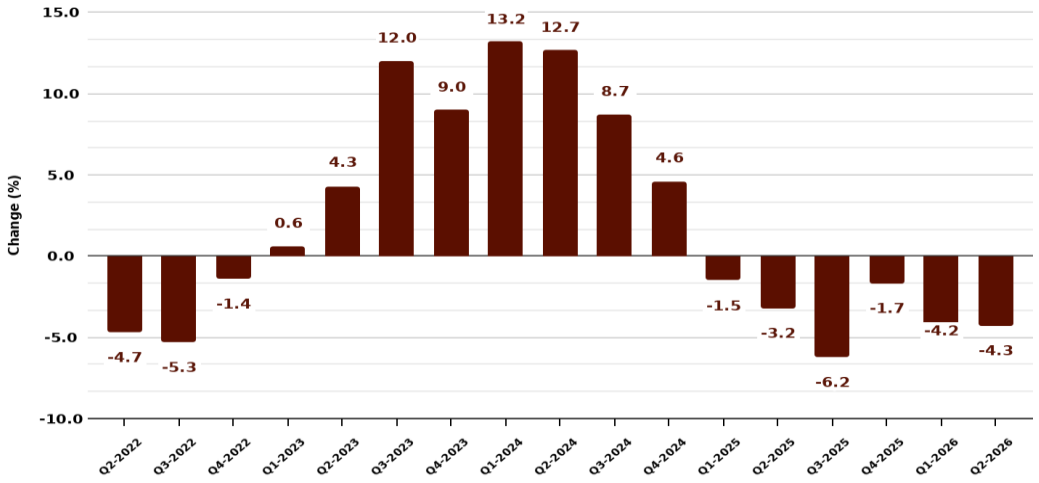
3.2 - External competitiveness

72. The real effective exchange rate (REER) was down 4.3% in the second quarter of 2026 compared to the same period last year, following a 4.2% decline in the first quarter of 2026. This trend, which reflects the Union's continuing competitiveness gains, reflected the 3.8% depreciation in the nominal effective exchange rate, combined with a favorable inflation differential of 0.5 percentage points.

73. The year-over-year depreciation of the nominal effective exchange rate in the second quarter of 2026 notably reflected the decline in the value of the CFA franc against the naira (-11.1%), the Ghanaian cedi (-7.8%), the South African rand (-7.6%), the Chinese yuan (-3.5%) and the Swiss franc (-1.9%), partially offset by the WAEMU currency's appreciation against the Turkish lira (+20.4%) and the U.S. dollar (+2.5%).

74. The inflation rate in the Union stood at 0.4% in the second quarter of 2026, compared with an average of 0.9% in our partner countries. In neighboring partner countries, inflation remained high during the quarter under review, at 15.8% in Nigeria and 4.1% in Ghana.

Graph 8 - Year-over-year change in the REER



Source: BCEAO *(*) Estimates* *(-) gain in competitiveness and (+) decreased competitiveness*

75. An analysis of REER misalignment using the IMF's EBA-Lite methodology indicated that the Union's external position was undervalued relative to its fundamentals. The REER gap was estimated at -11.48% and the CA gap at 3.14%, falling outside the respective reference corridors of [-5%; 5%] and [-1%; 1%] defined by the Fund. These results suggest that the CFA franc was below its equilibrium level, potentially enhancing the price competitiveness of tradable goods produced in the Union on external markets.

76. The table below shows the overall gains (-) or losses (+) in competitiveness relative to partner groups.

Table 16 - Changes in competitiveness by partner group (%)

	Year			Quarterly change				Annual change			
	2019	2024	2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026(*)	Q3 2025	Q4 2025	Q2 2026	Q2 2026(*)
Industrialized countries	-3.5	1.0	-1.6	1.1	-0.7	-0.9	0.2	-2.0	-0.7	-0.8	-1.2
Eurozone	-2.2	0.8	-1.9	-0.3	-0.8	-0.7	-0.5	-3.1	-2.5	-2.1	-2.5
Neighboring countries	-11.5	48.5	-9.8	-16.9	8.5	-3.0	-3.6	-28.1	-15.1	-21.6	-20.7
Asian countries	-5.7	2.9	-0.8	10.3	-2.1	3.4	-1.2	6.8	10.2	10.7	9.7
EU countries	-2.2	0.5	-0.2	-0.1	-0.8	-0.8	-0.4	-3.1	-2.4	-1.9	-2.1
Emerging markets	-4.9	2.2	-1.7	9.1	-2.7	1.5	-1.7	4.5	6.6	5.5	4.7
CEMAC	-1.3	-1.0	-4.3	-1.3	-2.0	-2.0	0.4	-5.6	-5.1	-3.7	-4.1
Total	**-5.6**	**9.6**	**-3.4**	**-0.6**	**0.4**	**-0.6**	**-1.1**	**-6.2**	**-1.7**	**-4.2**	**-4.3**

Source: BCEAO
(*) Estimates
(+) Appreciation of the REER or loss of competitiveness
(-) Depreciation of the REER or gain in competitiveness

4 - PUBLIC FINANCE

In the first half of 2026, public finance management resulted in an increase in the overall budget deficit, on a commitment basis, including grants, which reached 2.4929 trillion, or 3.4% of GDP, from its previous level of 2.3553 trillion, or 3.2% of GDP, one year prior.

This trend can be ascribed to an increase in expenditure (+1.1193 trillion) that outpaced the increase in revenue (+981.7 billion), while the trend in budgetary revenue, driven primarily by tax revenue, reflects the positive trajectory of economic activity in the Union, as non-tax revenue remained virtually stable. The increase in expenditure, for its part, was primarily linked to the continued implementation of development programs and projects, as well as to higher current expenditure.

The financing needs arising from these deficits were primarily met by raising funds on the regional public debt market as well as from external partners and investors. On the regional financial market, borrowing costs for the first half of 2026 were generally favorable.

4.1 - Revenue and grants

77. The WAEMU member states' budgetary revenue for the first half of 2026 was estimated at 11.3279 trillion at end-June 2026, representing an increase of 956.7 billion (+9.2%) compared to the same period of the previous year. This trend was driven by an increase in tax revenue, which rose by 951.8 billion (+10.5%) to reach 10.0370 trillion, in line with the strong economic performance recorded during the first six months of the year and tax reforms implemented in several member states.[14] Other revenue, including non-fiscal revenue, remained virtually stable (+0.4%), standing at 1.2908 trillion versus 1.2860 trillion at end-June 2025.

78. Grants increased by 25.0 billion (+6.7%) to reach 401.0 billion at the end of June 2026, reflecting increased support provided by technical and financial partners to the Union's member states.

[14] The main measures included extending withholding tax to include other types of businesses (Côte d'Ivoire), reforming the withholding tax system (Burkina Faso, Côte d'Ivoire), regulating the right to deduct VAT (Niger), and stepping up tax collection and introducing digital tax collection systems (Mali, Senegal).

Table 17 - Financial transactions of WAEMU member states

(in billions, unless otherwise indicated)

	June 2025 (1)	June 2026* (2)	Difference (2) – (1)	
			in value	*in %*
Budgetary revenue and grants	**10,747.2**	**11,728.9**	**981.7**	**9.1**
(% of GDP)	*14.7*	*16.0*	-	-
Budgetary revenue	**10,371.2**	**11,327.9**	**956.7**	**9.2**
Fiscal revenue	9,085.2	10,037.0	951.8	10.5
(% of GDP)	*12.4*	*13.7*	-	-
Other revenue	1,286.0	1,290.8	4.8	0.4
Grants	**376.0**	**401.0**	**25.0**	**6.7**
Total expenditure and net loans	**13,102.5**	**14,221.8**	**1,119.3**	**8.5**
(% of GDP)	*17.9*	*19.4*	-	-
Current expenditure	8,401.2	9,141.0	739.8	8.8
including payroll	3,194.2	3,489.6	295.4	9.2
transfers and subsidies	1,641.0	1,808.9	167.9	10.2
interest on debt	1,624.2	1,681.2	57.0	3.5
Capital expenditure	3,917.3	4,279.7	362.4	9.3
(% of GDP)	*5.3*	*5.8*	-	-
Other expenditure	785.1	802.8	17.7	2.3
Net loans	-1.1	-1.8	-0.7	64.8
Balance on a commitment basis, incl. grants	***-2,355.3***	***-2,492.9***	***-137.6***	***5.8***
(% of GDP)	*-3.2*	*-3.4*	-	-
Balance on a cash basis, including grants	***-2,419.9***	***-2,492.9***	***-73.0***	***3.0***
(% of GDP)	*-3.3*	*-3.4*	-	-

Sources: National departments, BCEAO *(*) Estimates*

4.2 - Total expenditure and net loans

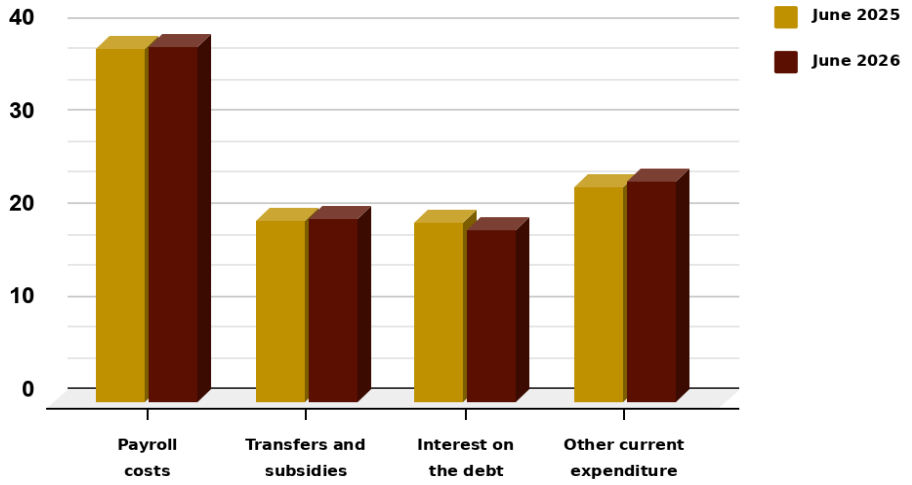
79. Total expenditure and net loans amounted to 14.2218 trillion at the end of the first half of 2026, representing an increase of 1.1193 trillion (+8.5%) compared to June 2025. This increase reflects higher capital expenditure (+9.3%), current expenditure (+8.8%), and other expenditure (+2.3%).

80. The increase in capital expenditure is linked to the continuation of programs included in the national development plans of the Union's member states.

81. Growth in current expenditure results from simultaneous increases in transfers and subsidies (+10.2%), payroll expenditure (+9.2%), and interest on the debt (+3.5%). Specifically, the increase in the total payroll—which remains the main component of current expenditure—can be attributed, among other factors, to new hires and promotions within the civil service. Interest on the debt, which totaled 1.6812 trillion or 18.4% of current expenditure, recorded the lowest growth rate out of the principal current expenditure categories.

Graph 9 - Changes in the structure of current expenditure

(%)



Sources: National departments, BCEAO

4.3 - Budget balance and financing

82. In light of the aforementioned developments, the budget deficit, on a commitment basis, including grants, widened by 137.6 billion to reach 2.4929 trillion, versus 2.3553 trillion a year earlier. To meet their financing needs, member states have turned to the regional and international financial markets and financial assistance from external donors, among other sources.

4.3.1 - Issues on the regional public debt market

83. In the first half of 2026, WAEMU member states raised 9.1395 trillion on the regional financial market, an increase of 967.2 billion (+11.8%) compared to the same period in 2025. This growth was driven by robust bond issues (up 2.8304 trillion or 63.0%), partially offset by lower issues of Treasury bills (down 1.8632 trillion or 50.6%).

84. Coverage ratios for the amounts requested improved compared to 2025. They stood at 297.6% for bills and 134.6% for bonds in the first half of 2026, compared with 167.6% and 93.3%, respectively, a year earlier.

85. In the Treasury bill segment, member states raised 1.8177 trillion in the first half of 2026, compared with 3.6809 trillion a year earlier, representing 19.9% of the funds raised on the regional public debt market. Twelve-month issues accounted for the bulk of the funding, with a total value of 1.5267 trillion, or 84.0% of all bills issued over the period, followed by six-month issues (189.5 billion, or 10.4%) and three-month issues (101.5 billion, or 5.6%).

86. In the bond segment, public treasuries raised 7.3218 trillion in the first half of 2026, compared with 4.4914 trillion the previous year, representing 80.1% of all funds raised on the market. The total amount of bonds issued on the market through auctions amounted to 5.9426 trillion, or 81.2% of all bond issues, while bonds issued through syndication totaled 1.3792 trillion (18.8% of all bond issues). Bond issues primarily consisted of 3-year maturities totaling 3.8251 trillion (52.2%), followed by 5-year maturities at 2.1675 trillion (29.6%), 7-year maturities at 1.0323 trillion (14.1%) and 10-year maturities totaling 296.9 billion (4.1%).

Table 18 - Gross issues of public securities on the regional market

(in billions)

Instrument	Total 2024	2025		Total (at end-June) 2025	2026		Total (at end-June) 2026
		Q1	Q2		Q1	Q2	
Bills	5,055.0	1,833.5	1,847.4	3,680.9	1,236.2	581.5	1,817.7
Bonds	4,297.0	1,898.5	2,592.9	4,491.4	3,775.4	3,546.4	7,321.8
By auction	*3,072.4*	*1,136.6*	*2,176.3*	*3,312.9*	2,971.2	*2,971.4*	*5,942.6*
*By syndication**	*1,224.6*	*761.9*	*416.6*	*1,178.5*	804.2	*575.0*	*1,379.2*
Total	**9,352.0**	**3,732.0**	**4,440.3**	**8,172.3**	**5,011.6**	**4,127.9**	**9,139.5**

Sources: UMOA-Titres, AMF-UMOA, BCEAO *(*) Preliminary figures for syndication*

87. In the second quarter of 2026, financing conditions for governments on the regional market eased significantly in the Treasury bill segment. The weighted average rate on bills stood at 5.81%, down 51 basis points from the previous quarter and 191 basis points year over year. This trend was primarily driven by rate easing on short-term maturities, particularly 3- and 6-month maturities, due to the BCEAO's key interest rate cuts in June 2025 and March 2026, combined with steady increases in bank liquidity. In the first half of 2026, the weighted average rate on Treasury bill issues stood at 6.16%, compared with 7.57% a year earlier.

88. The weighted average yield on the bond market stood at 7.31%, following 7.15% in the first quarter of 2026 and 7.45% a year earlier, although yields were down in most member states. For the first six months of 2026, the average yield was 7.23%, compared to 7.29% for the same period the previous year.

89. Overall, the weighted average cost of funds raised by member states on the regional financial market decreased in the first half of 2026 compared to the same period in 2025.

Table 19 - Average interest rates and yields on public securities (%)

	Average 2024	2025		Average S1 2025	2026		Average S1 2026
		Q1	Q2		Q1	Q2	
3 months	6.17	6.27	9.41	6.64	4.85	3.43	4.21
6 months	7.01	6.48	7.40	6.96	5.72	3.81	5.26
12 months	7.63	7.85	7.74	7.79	6.49	6.22	6.40
WAR (*) on bills	**6.98**	**7.41**	**7.72**	**7.57**	**6.32**	**5.81**	**6.16**
3 years	8.24	7.89	7.65	7.72	7.41	7.63	7.52
5 years	6.99	6.70	7.13	6.88	7.24	7.14	7.18
7 years	6.3	6.44	7.04	6.69	6.44	6.48	6.46
10 years	6.7	7.47	6.95	7.07	6.44	.	6.44
WAY (**) on bonds	**7.30**	**7.07**	**7.45**	**7.29**	**7.15**	**7.31**	**7.23**

Sources: BCEAO, UMOA-Titres, AMF-UMOA *(*) WAR: weighted average rate (**) WAY: weighted average yield*

4.3.2 - Outstanding public securities on the regional market

90. Total outstanding public securities amounted to an estimated 35.5020 trillion at end-June 2026, compared to 30.0060 trillion at end-June 2025, representing an increase of 5.4960 trillion (+18.3%). The structure of this outstanding balance shows a predominance of Treasury bonds, accounting for 92.1% of the total.

Table 20 - Outstanding public securities by country at end-June 2026

(in billions)

		Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal (*)	Togo	WAEMU
Bills	Auction	139.9	338.8	322.3	137.8	461.2	109.4	1,267.7	29.6	2,806.7
Bonds	Auction	1,020.4	2,579.3	7,350.2	421.2	2,122.2	1,949.8	3,839.2	1,655.5	20,937.8
	Syndication	591.9	1,368.4	5,146.5	0.0	1,280.8	507.0	2,802.9	60.0	11,757.5
	Total	1,612.3	3,947.7	12,496.7	421.2	3,403.0	2,456.8	6,642.1	1,715.5	32,695.3
Total outstanding		**1,752.2**	**4,286.5**	**12,819.0**	**559.0**	**3,864.2**	**2,566.2**	**7,909.8**	**1,745.1**	**35,502.0**

Sources: UMOA-Titres, AMF-UMOA, BCEAO. (*) Preliminary figures for bonds issued by syndication.
Note: Data as at June 30, 2026.

4.3.3 - External resource mobilization by WAEMU member states

91. In addition to their operations on the regional financial market, the Union's member countries received financial support from external partners during the first half of 2026.

92. Several WAEMU member states (namely Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Niger, and Togo) received financial support from the IMF under economic programs signed with the Fund during the first six months of 2026, totaling 740.7 billion. Benin received a disbursement of 65.6 billion following the seventh and final review of its program under the Extended Credit Facility (ECF) and the fourth and final review under the Resilience and Sustainability Facility (RSF). **Burkina Faso** received 78.2 billion following the fourth and fifth reviews of its ECF-supported program and the first review of the agreement under the RSF. In **Côte d'Ivoire**, IMF support totaled 480.3 billion following the sixth and final review of its agreements under the ECF and the Extended Fund Facility (EFF), as well as the fifth RSF review. In **Guinea-Bissau**, total funds raised reached 2.7 billion following the ninth, tenth, and eleventh reviews of its ECF-supported program. Finally, **Niger** received a disbursement of 50.7 billion following the eighth review of its ECF program and its fourth review under the FRD, while **Togo** was allocated 63.1 billion at the conclusion of the third and fourth joint reviews of its ECF agreement.

93. In addition, two of the Union's countries raised a total of 1.2975 trillion on international markets through Eurobond issues. Benin entered the international markets in January 2026 and raised 474.3 billion (850 million dollars) through a combination of a 350-million-dollar Eurobond and a 500-million-dollar sovereign Sukuk. Côte d'Ivoire issued Eurobonds in February 2026 totaling 823.2 billion (1.3 billion dollars).

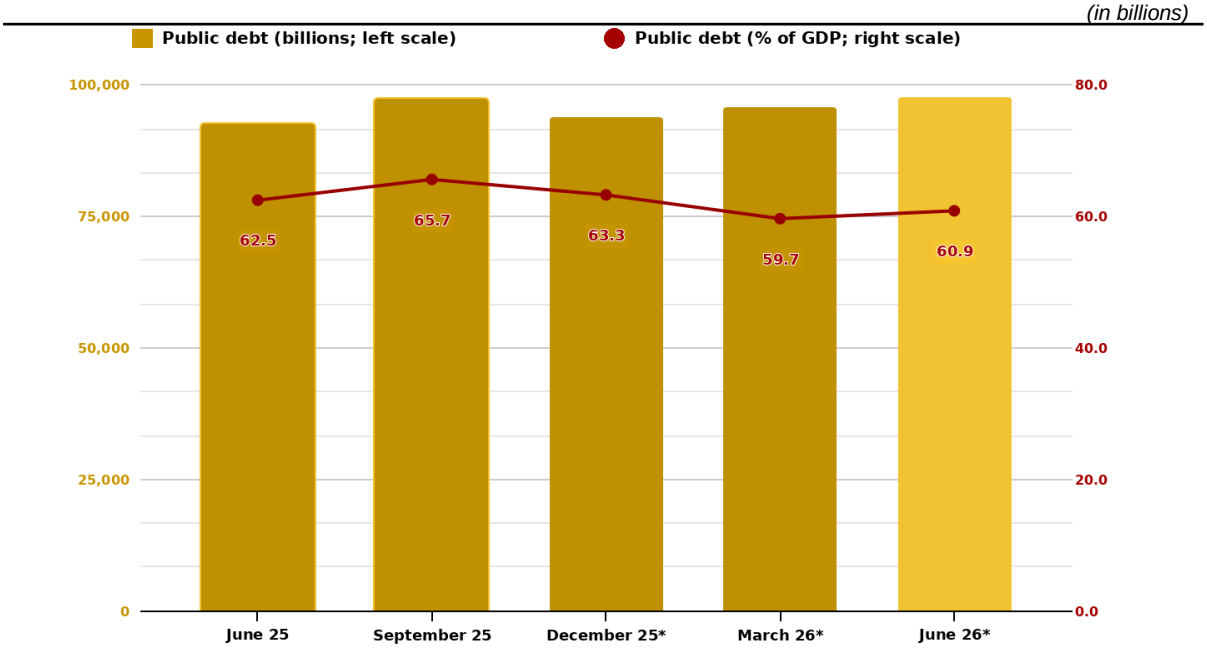
4.3.4 - Trends in total public debt

94. In connection with the resources borrowed to finance the budget deficit, the Union's total outstanding public debt was estimated at

97.6259 trillion at end-June 2026, up 4.9029 trillion (+5.3%) compared to June 2025. As a percentage of GDP, it stood at 60.9% at end-June 2026, down from 62.5% at end-June 2025.

Graph 10 - Trends in WAEMU's outstanding public debt

(in billions)



Source: National departments, BCEAO (*) Estimates

5 - EXTERNAL ACCOUNTS

In the second quarter of 2026, the Union's overall balance of payments recorded a surplus of 2.4836 trillion, up from 1.7875 trillion in the same period of the previous year, representing an increase of 696.1 billion. This increase resulted primarily from a reduction in the current account deficit, which stood at 0.4% of GDP, compared with 2.5% one year earlier. The favorable current account balance was partially offset by lower net capital inflows under the financial account (-24.6%).

In the first six months of 2026, the overall balance of payments saw a surplus of 4.6923 trillion, after a surplus of 2.9625 trillion in the same period of 2025.

5.1 - Current and capital transactions

95. The current account balance showed a deficit of 148.0 billion in the second quarter of 2026, following a deficit of 928.5 billion in the same period of the previous year—an improvement of 780.5 billion. This change was primarily due to the favorable trend in the goods and services account, which showed a surplus of 165.5 billion for the period under review, compared with a deficit of 648.9 billion a year earlier, partially offset by a deterioration of 33.9 billion in the primary and secondary income balances. As a percentage of GDP, the current account deficit stood at 0.4% in the second quarter of 2026, compared with 2.5% the previous year.

Table 21 - Trends in the current transactions account

(in billions, unless otherwise indicated)

	2025		2026		
Items	**Q2**	**S1**	**Q1**	**Q2**	**S1**
Trade balance	**812.3**	**2,293.4**	**2,535.0**	**1,817.7**	**4,352.7**
Balance of services	**-1,461.2**	**-3,067.0**	**-1,561.8**	**-1,652.2**	**-3,214.0**
- Travel	308.9	616.3	310.6	312.6	623.2
- Freight	-1,377.3	-2,706.8	-1,274.6	-1,420.6	-2,695.2
Balance of primary and secondary income	**-279.6**	**-357.0**	**-116.3**	**-313.5**	**-429.8**
Primary income	-1,357.7	-2,311.9	-1,154.2	-1,333.9	-2,488.1
incl. interest on the debt	-841.1	-1,213.3	-688.0	-692.1	-1,380.0
Secondary income	1,078.1	1,954.9	1,037.9	1,020.4	2,058.2
- Public transfers	269.9	349.3	139.5	137.4	276.9
- Private transfers	808.2	1,605.6	898.4	883.0	1,781.3
Balance of the current transactions account	**-928.5**	**-1,130.6**	**856.9**	**-148.0**	**708.9**
(% of GDP)	*-2.5*	*-1.5*	*2.1*	-0.4	0.9

Sources: National statistics institutes, Customs, BCEAO

5.1.1 - Trends in external trade in the Union

96. In the second quarter of 2026, the Union's trade surplus in goods grew by 1.0054 trillion, year over year, reaching 1.8177 trillion, due to a stronger increase in exports (+15.6%) than in imports (+4.6%).

97. The increase in exports was driven primarily by sales of gold and precious metals (+38.0%), cotton (+24.8%), cocoa (+14.4%), rubber (+11.3%), and petroleum products

(+10.2%). The positive trend in sales of gold, cotton, rubber, and petroleum products was supported by rising prices on the international market, combined with higher volumes shipped. In contrast, the value of cocoa exports was driven by an increase in quantities shipped, partially offset by lower international prices. The favorable export performance was somewhat mitigated by a drop in sales of cashew nuts (-24.8%) and coffee (-44.9%), due to falling international prices and lower shipment volumes.

Table 22 - Trends in the trade balance

(in billions, unless otherwise indicated)

	2025		2026			Year-over-year change (Q2 2026 / Q2 2025)	
	Q2	**S1**	**Q1**	Q2	S1	*(in billions)*	*(%)*
Exports	**8,850.8**	**18,091.4**	**10,082.2**	**10,229.0**	**20,311.2**	**1,378.2**	**15.6**
incl.: Cocoa products	*1,032.6*	*3,231.5*	*2,536.9*	*1,181.5*	*3,718.4*	*148.9*	14.4
Gold and precious metals	*3,140.3*	*6,813.2*	*3,860.4*	*4,333.4*	*8,193.8*	*1,193.1*	38.0
Petroleum products	*1,671.9*	*2,620.3*	*1,274.1*	*1,841.8*	*3,115.9*	*169.9*	10.2
Cotton products	*122.0*	*243.9*	*130.7*	*152.2*	*282.9*	*30.2*	24.8
Coffee products	*37.3*	*66.4*	*14.4*	*20.5*	*34.9*	*-16.8*	-44.9
Cashew nut products	*790.1*	*1,057.4*	*190.2*	*594.5*	*784.7*	*-195.6*	-24.8
Rubber	*353.9*	*734.3*	*368.3*	*393.9*	*762.2*	*40.0*	11.3
Uranium	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	-
Imports (FOB)	**-8,038.5**	**-15,798.0**	**-7,547.2**	**-8,411.3**	**-15,958.5**	**-372.8**	**4.6**
incl. Food products	*-1,489.9*	*-3,056.7*	*-1,310.0*	*-1,469.0*	*-2,779.0*	20.9	-1.4
Basic consumer goods	*-1,613.2*	*-3,269.2*	*-1,419.4*	*-1,599.4*	*-3,018.8*	13.8	-0.9
Energy products	*-2,169.0*	*-3,620.3*	*-1,718.6*	*-2,293.5*	*-4,012.1*	-124.5	5.7
Intermediate goods	*-1,619.1*	*-3,188.2*	*-1,646.3*	*-1,676.3*	*-3,322.6*	-57.2	3.5
Capital goods	*-1,781.7*	*-3,879.4*	*-1,962.0*	*-2,018.2*	*-3,980.2*	-236.5	13.3
Trade balance	**812.3**	**2,293.4**	**2,535.0**	**1,817.7**	**4,352.7**	**1,005.5**	**123.8**
(% of GDP)	***2.2***	***3.1***	***6.3***	***4.5***	***5.4***		

Sources: National statistics institutes, Customs, BCEAO

(*) The figures presented do not include intra-WAEMU trade

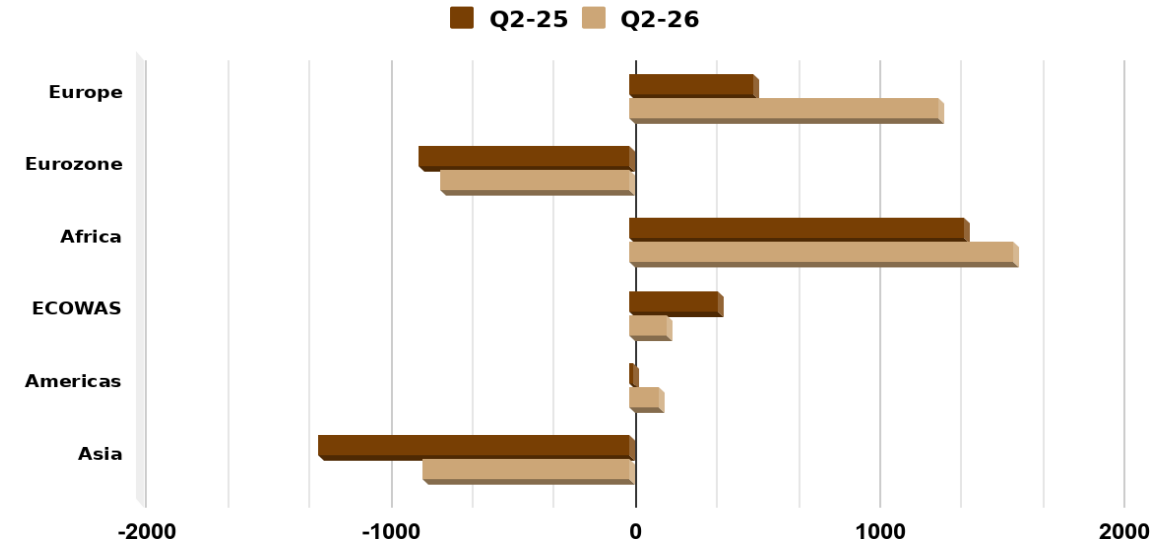
98. The increase in imports was primarily due to growth in purchases of intermediate goods and capital goods (+8.6%) as well as petroleum products (+5.7%), partially offset by reduced purchases for food products (-1.4%) and other consumer staples (-0.9%). Increased imports of capital goods and intermediate goods were driven by the rollout of Phase 3 of the Baleine oil project in Côte d'Ivoire and the construction of a thermal power plant in Burkina Faso during the quarter. Meanwhile, higher figures for petroleum product imports reflected the impact of rising international oil prices due to tensions in the Middle East.

5.1.2 - Geographic breakdown of external trade

99. The geographic breakdown of the Union's trade during the second quarter of 2026 shows trade surpluses with Europe, the rest of Africa, the ECOWAS region, as well as the Americas, as in the same period of the previous year. The surplus in trade with the rest of Africa grew by 14.8% over the period under review, while the deficit with Asia dropped by 33.6% compared to the same period last year.

Graph 11 - Trends in the trade balance with major partners

(in billions)



Sources: National statistics institutes, Customs, BCEAO

5.1.3 - Trends in intra-WAEMU trade

100. Intra-WAEMU trade increased by 11.8% in the second quarter of 2026, reaching 1.4857 trillion, or 16.5% of total trade, compared with 16.0% over the same period in 2025. Côte d'Ivoire (35.8%) and Senegal (19.6%) remained the main suppliers, collectively accounting for 55.4% of total intra-community supply. On the intra-WAEMU demand side, Burkina Faso (26.0%) and Mali (18.8%) were the main destinations of trade flows, accounting for 44.8% of the total. The main products sold included oil (37.9%), construction materials (8.8%), local products (cereals, live animals) (6.9%), fertilizers and chemicals (6.4%), edible oils (4.4%), and food preparations (milk, broth, etc.) (4.1%).

5.1.4 - Trends in other current and capital account items

101. The deficit in the balance of services widened by 13.1% compared with the same quarter of the previous year, reaching 1.6526 trillion, in conjunction with increased freight costs (+3.1%). The trend was mitigated by an increase in tourism revenue (+1.2%).

102. The primary income account deficit, meanwhile, improved by 1.8%, coming in at 1.3339 trillion, mainly due to a decrease in interest payments on external public debt (-17.7%), partially offset by an increase in dividend payments.

103. The surplus in the secondary income account was down 5.4% year over year, reaching 1.0204 trillion in the second quarter of 2026, primarily due to lower levels of budget support received by governments (-53.9 billion), mitigated by an increase in migrant remittances (+9.3%).

104. The capital account surplus fell 29.8% compared with the same period of the previous year, reaching 409.5 billion. This was primarily due to decrease of 209.8 billion in project grant disbursements received by WAEMU member states.

5.2 - Financial account

105. In line with the developments mentioned above, the Union recorded a net financing capacity of 261.6 billion in the second quarter of 2026, compared with a net borrowing requirement of 345.3 billion recorded a year earlier.

Table 23 - Trends in the financial account and the aggregate balance

(in billions, unless otherwise indicated)

	2025		2026		
	Q2	S1	Q1	Q2	S1
Balance of the current account	**-928.5**	**-1,130.6**	**856.9**	**-148.0**	**708.9**
Balance of the capital account	**583.2**	**865.3**	**362.0**	**409.5**	**771.5**
- Public sector	440.2	643.3	229.3	230.4	459.7
Financing needs	**-345.3**	**-265.3**	**1,218.9**	**261.6**	**1,480.5**
Balance of the financial account	**-2,382.3**	**-3,484.9**	**-1,501.8**	**-1,795.4**	**-3,297.2**
- FDI	-746.3	-1,666.0	-593.8	-860.4	-1,454.2
- Portfolio investments	-765.7	-1,066.6	-774.7	-490.2	-1,264.9
- Other investments	-870.3	-752.3	-133.4	-444.7	-578.1
incl. net public drawdowns	-926.2	-1,270.1	-403.1	-669.5	-1,072.6
Aggregate balance after statistical adjustment	**1,787.5**	**2,962.5**	**2,208.6**	**2,483.6**	**4,692.3**
Revaluations	281.7	581.3	512.3	-526.2	-14.0
Change in Net External Assets	**-2,069.2**	**-3,543.8**	**-2,720.9**	**-1,957.4**	**-4,678.3**

Sources: National statistics institutes, Customs, BCEAO

106. Net capital inflows under the financial account fell by 24.6%, to stand at 1.7954 trillion, compared with 2.3823 trillion one year prior. This trend resulted primarily from a decrease in net inflows from portfolio investments (-275.5 billion), due to the fact that no Eurobonds were issued over the period in question, combined with a contraction in other investments (-425.6 billion), including net public borrowings (-256.7 billion). It was partially offset by an increase in net foreign direct investment, which rose by 114.1 billion, driven by the construction of a thermal power plant in Burkina Faso and the rollout of Phase 3 of the Baleine project in Côte d'Ivoire.

107. Overall, the aggregate balance of payments increased by 696.1 billion, year over year, showing a surplus of 2.4836 trillion in the second quarter of 2026, after a surplus of 1.7875 trillion recorded the year before.

6 - MONETARY CONDITIONS, CURRENCY, AND THE STOCK MARKET

Monetary conditions continued to ease during the second quarter of 2026, in line with increased banking system liquidity (+424.5 billion or 6.5%) and the effects of lower key interest rates. The weighted average interest rate on the interbank market, across all maturities, fell by 51 basis points to 4.01%. The average lending rate for new loans, excluding taxes and fees, stood at 6.67% in the second quarter of 2026, compared with 6.70% in the previous quarter.

The monetary situation at the end of June 2026 was marked by a year-over-year increase in the money supply of 20.9%, up from 18.1% at the end of March 2026. This trend was driven by an increase of 9.5795 trillion, or +115.1%, in net external assets, as well as a rise of 3.0228 trillion, or +4.8%, in domestic claims. Domestic claims were up due to higher net claims by deposit-taking institutions on the central government (+1.0943 trillion or +4.1%) combined with higher claims on the private sector (+1.9286 trillion or +5.4%). Loans to the private sector rose by 6.6% after a 6.0% increase three months earlier, driven mainly by loans to non-financial corporations (7.2% versus 6.4%).

In the second quarter of 2026, the regional stock market saw the BRVM Composite and BRVM 30 indexes rise by 11.0% each, following increases of 18.1% and 15.2%, respectively, in the previous quarter. The market capitalization of all listed securities was up 7.2% on a quarterly basis, following an increase of 11.0% three months earlier. This upward trend reflected higher equity market capitalization (+7.7%) and bond market capitalization (+6.6%). On an annual basis, total market capitalization was up 30.9% at end-June 2026.

6.1 - Monetary conditions

108. During the second quarter of 2026, the Central Bank kept the minimum bid rate for auctions and the marginal lending rate at 3.00% and 5.00%, respectively, the levels in effect since the 25-basis-point cut on March 16, 2026.

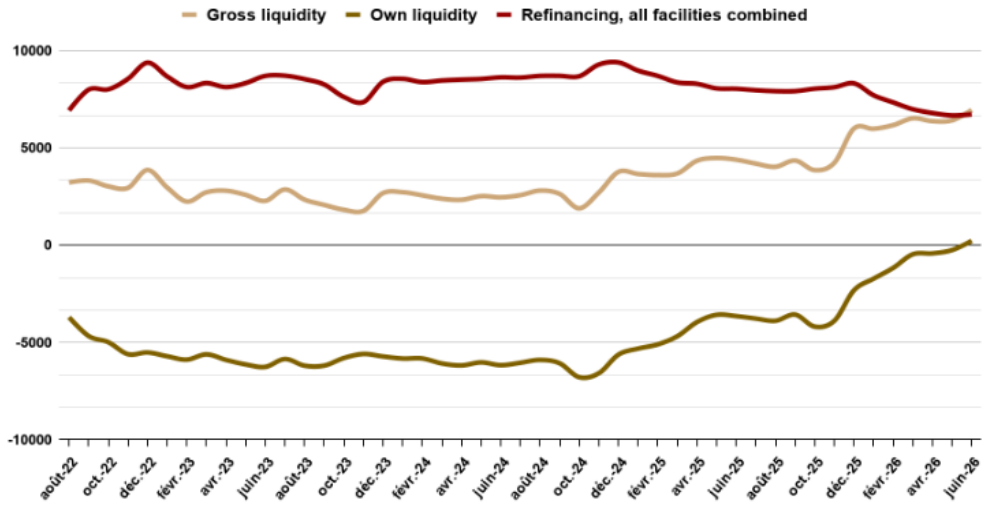
6.1.1 - Bank liquidity

109. In the second quarter of 2026, WAEMU banks' net liquidity, defined as banks' cash holdings excluding BCEAO refinancing, increased by 687.8 billion, primarily reflecting net transfers received by banks (+3.3979 trillion) following the repatriation of proceeds from export transactions. This development was partially offset by Treasury transactions (-2.1751 trillion) and net withdrawals through bank teller windows totaling 534.9 billion.

110. In line with their efforts to rebuild their own liquidity, banks reduced their reliance on Central Bank funds. In particular, demand from credit institutions was lower than the amount auctioned over the period under review, particularly at the weekly auction window. Central Bank lending to banks therefore decreased by 263.3 billion, reaching 6.7276 trillion at end-June 2026. Overall, bank liquidity increased by 424.5 billion between end-March and end-June 2026, reaching 6.9495 trillion.

Graph 12 - Trends in bank liquidity

(in billions)



Source: BCEAO

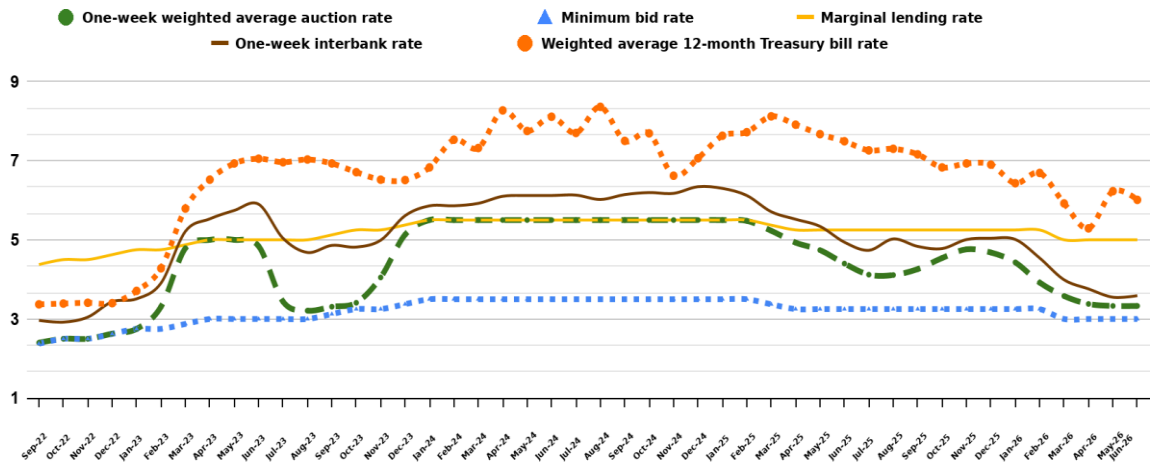
111. Banks' required reserves for the maintenance period running from May 16 to June 15, 2026, totaled 1.5335 trillion. Over the same period, average reserves maintained by banks stood at 6.3676 trillion, exceeding the minimum requirement by 4.8342 trillion. Over the previous maintenance period, running from February 16 to March 15, 2025, excess reserves amounted to 4.5077 trillion.

6.1.2 - Trends in money market interest rates

112. During the second quarter of 2026, money market conditions improved, in line with the comfortable liquidity situation in the banking system and the effects of the cut in key interest rates implemented in March 2026. The weighted average interest rate on **the BCEAO's one-week tender facility** fell by 61 basis points to 3.35%. On the **interbank market**, the weighted average interest rate fell by 51 basis points to 4.01% in the second quarter of 2026, compared with 4.52% a quarter earlier. In the same period of the year before, the rate stood at 5.34%.

The weighted average interest rate on one-week maturities, which accounted for 64.0% of total transaction volume compared with 57.0% in the previous quarter, stood at 3.66%, down from 4.26% in the first quarter of 2026. It was 5.27% a year earlier. The volume of weekly transactions, across all maturities, averaged 886.8 billion in the second quarter of 2026, compared with 825.0 billion in the previous quarter, representing an increase of 61.8 billion.

Graph 13 - Trends in money market rates (%)

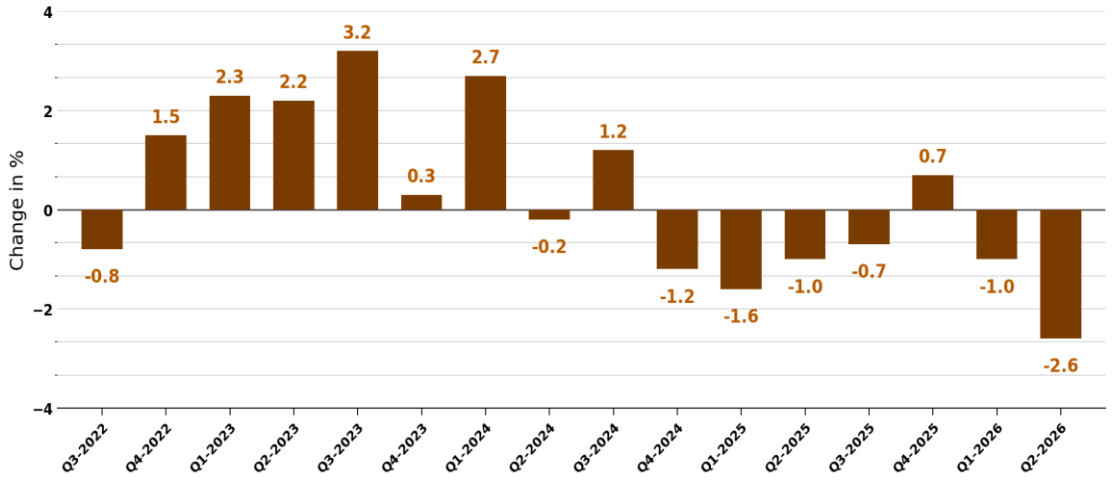


Source: BCEAO

6.1.3 - Trends in monetary conditions

113. Overall, monetary conditions eased during the second quarter of 2026, with the relevant index declining by 2.6% compared to the previous quarter. This trend was linked to the 4.6% decrease in the real effective exchange rate, coupled with a drop of 1.2 percentage point in the real interest rate on the interbank market.

Graph 14 - Quarterly trends in the monetary conditions index



Source: BCEAO

6.1.4 - Trends in bank rates on term deposits

114. The average interest rate stood at 5.28% in the second quarter of 2026, down from 5.30% in the first quarter of 2026, representing a decrease of 2 basis points.

Table 24 - Country trends in interest rates on term deposits (%)

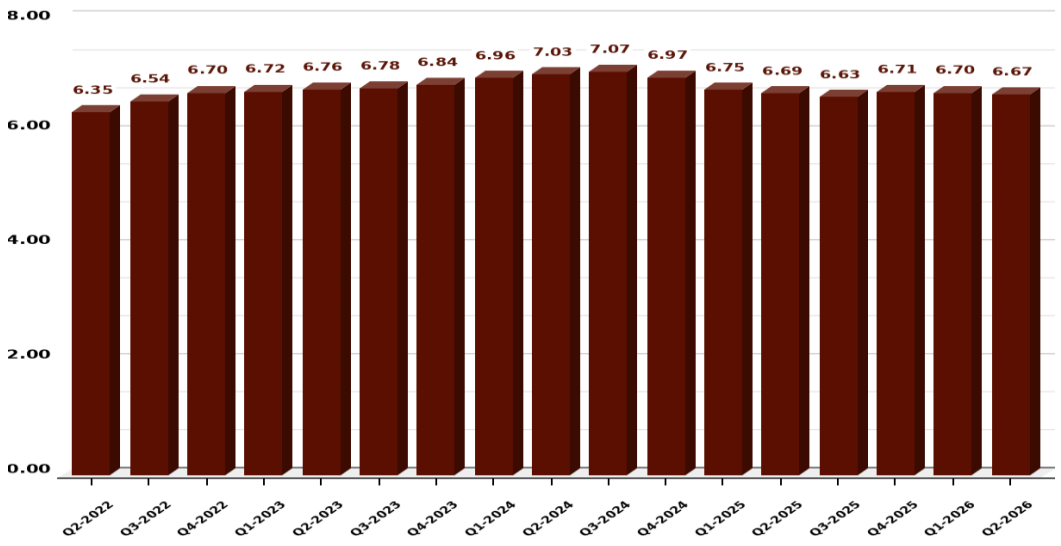
	2024			2025				2026	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Benin	5.40	5.42	5.43	5.50	5.57	5.60	5.65	5.60	5.51
Burkina Faso	5.60	5.57	5.59	5.57	5.59	5.58	5.94	5.55	5.84
Côte d'Ivoire	4.24	4.27	4.36	4.71	4.69	4.86	5.01	4.76	4.80
Guinea-Bissau	3.88	3.95	4.12	4.47	5.11	3.97	4.88	4.60	4.67
Mali	5.47	5.49	5.46	5.36	5.39	5.07	5.41	5.29	5.35
Niger	5.79	5.72	5.68	5.90	6.01	6.52	6.22	5.66	6.18
Senegal	5.71	5.73	5.74	5.82	5.77	5.76	5.61	5.62	5.63
Togo	5.98	5.98	5.95	5.83	5.94	5.48	5.75	5.83	5.80
WAEMU	**5.26**	**5.29**	**5.34**	**5.42**	**5.39**	**5.46**	**5.48**	**5.30**	**5.28**

Source: BCEAO

6.1.5 - Trends in bank lending rates

115. Lending conditions applied by the Union's banks to their customers eased during the period under review. The average lending rate, excluding taxes and fees, stood at 6.67% in the second quarter of 2026, down 3 basis points from the previous quarter.

Graph 15 - Average bank lending rates *(as a percentage)*



Source: BCEAO

116. Broken down by loan purpose, lower lending rates were noted primarily on real estate loans (-23 basis points), loans for other purposes (-22 basis points), consumer loans (-10 basis points), and cash flow (-3 basis points). This trend was partially offset by the higher cost of bank loans for exports (+110 basis points).

Table 25 - Trends in lending rates in WAEMU, broken down by loan purpose (%)

	2024			2025				2026	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Consumption	7.83	8.72	8.32	7.26	7.28	7.32	7.36	7.35	7.25
Export	6.40	6.75	7.34	7.11	7.34	7.46	6.32	5.01	6.11
Cash-flow	6.96	6.99	6.67	6.35	6.42	6.44	6.51	6.49	6.46
CapEx	7.53	7.35	6.77	7.40	7.12	6.99	6.83	6.72	6.72
Real estate	6.79	6.33	6.41	6.61	6.65	6.66	6.76	7.08	6.85
Other	7.60	6.95	5.87	7.02	6.63	6.50	6.69	6.93	6.71
WAEMU	**7.03**	**7.07**	**6.97**	**6.75**	**6.69**	**6.63**	**6.71**	**6.70**	**6.67**

Source: BCEAO

117. Broken down by type of borrower, borrowing conditions eased mainly for nonprofit institutions (NPISH) (-52 basis points), other financial corporations (-21 basis points), households (-14 basis points), and non-financial corporations (-9.0 basis points). The easing trend was partially offset by tightening in rates applied to the public sector (+26 basis points).

Table 26 - Trends in lending rates in WAEMU by type of borrower (%)

	2024			2025				2026	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Other deposit-taking institutions (microfinance)	7.73	7.99	7.74	6.40	7.31	6.48	6.49	6.77	7.87
Other financial corporations	7.20	7.13	6.95	7.13	6.37	6.24	6.03	7.30	7.09
Non-financial corporations	6.80	6.78	6.69	6.52	6.43	6.45	6.43	6.54	6.45
Households	8.20	8.31	8.00	7.69	7.63	7.61	7.85	7.59	7.45
NPISH	8.01	8.07	8.26	6.95	6.42	6.44	7.56	7.64	7.12
Public sector	6.42	6.66	6.61	6.36	6.13	5.68	6.54	5.62	5.88
WAMU	**7.03**	**7.07**	**6.97**	**6.75**	**6.69**	**6.63**	**6.71**	**6.70**	**6.67**

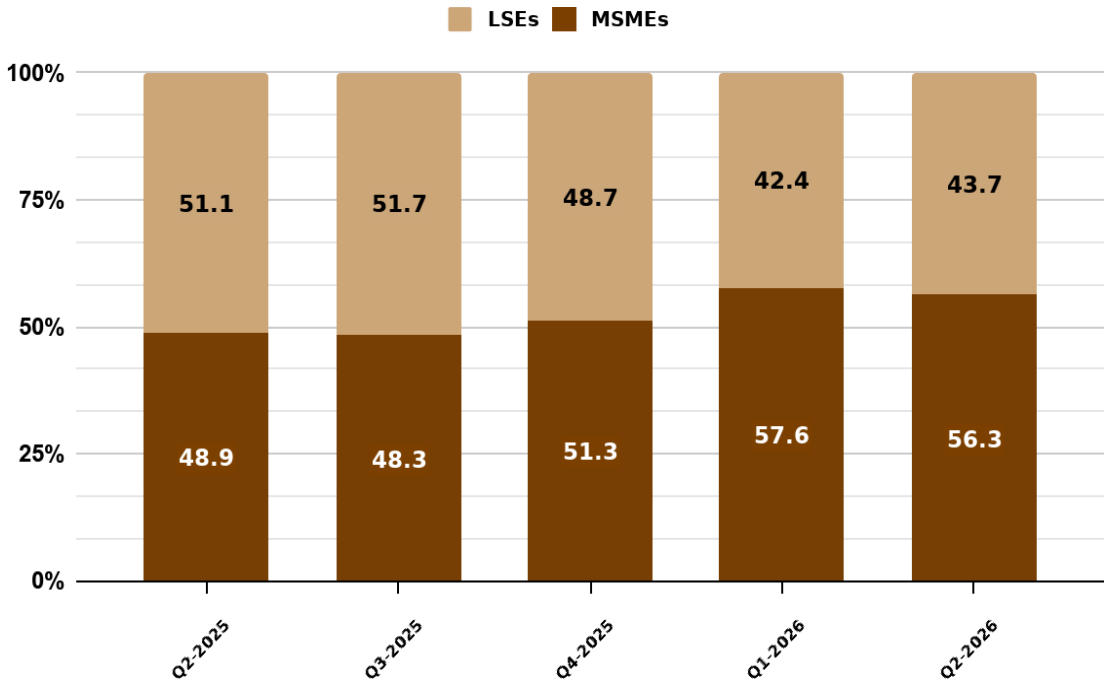
Source: BCEAO

118. Broken down by loan maturity, lending rates mainly decreased on loans with maturities between 1 and 2 years (-87 basis points), loans with maturities between 2 and 5 years (-41 basis points), and loans with maturities of more than 5 years (-5 basis points). In contrast, rates for loans with maturities of less than 1 year increased by 4 basis points.

Box 1 - Structure and terms of loans granted

The breakdown of lending volumes according to the borrower's legal status shows a predominance of loans to legal entities, accounting for 87.2% of total new loans. Individuals, for their part, received only 12.8% of total loans.

Graph a: Breakdown of loans to businesses in WAEMU, by size (%)



Source: BCEAO

Lending conditions for corporate borrowers eased (-3 basis points) compared to the previous quarter. In the MSME segment, rates applied to small enterprises fell from 7.28% in the previous quarter to 6.92% in the current quarter, a drop of 36 basis points.

Similarly, rates for medium-sized enterprises dropped from 7.18% in the first quarter of 2026 to 7.11% in the second quarter of 2026, down 7 basis points. On the other hand, rates applied to micro-enterprises stood at 6.75% in the quarter under review, compared to 6.47% in the previous quarter, representing an increase of 28 basis points. Rates applied to large enterprises (LEs) fell by 18 basis points, from 6.42% in the first quarter of 2026 to 6.24% during the quarter under review.

Lending rates applied to individual borrowers stood at 7.42%, down 7 basis points from their level of 7.49% in the previous quarter. Lower rates for individual borrowers applied specifically to women (-33 basis points), whereas rates remained relatively stable for men.

Table 27 - Trends in lending rates in WAEMU by loan term (%)

	2025				2026	
	Q1	Q2	Q3	Q4	Q1	Q2
Less than 1 year	6.54	6.40	6.52	6.52	6.47	6.51
Between 1 and 2 years	7.98	7.67	7.77	7.13	7.75	6.88
Between 2 and 5 years	7.07	7.25	6.94	7.06	7.59	7.18
Over 10 years	7.19	7.10	6.73	7.19	6.99	6.94
WAMU	**6.75**	**6.69**	**6.63**	**6.71**	**6.70**	**6.67**

Source: BCEAO

119. A country-level analysis that lending rates declined in Burkina Faso (-58 basis points), Togo (-10 basis points), and Senegal (-2 basis points). In contrast, rates rose in Guinea-Bissau (+100 basis points), in Niger (+22 basis points), in Côte d'Ivoire (+18 basis points), in Mali (+13 basis points), and in Benin (+9 basis points) compared to their levels in the previous quarter.

Table 28 - Trends in lending rates by country in WAEMU (%)

	2025				2026	
	Q1	Q2	Q3	Q4	Q1	Q2
Benin	7.27	7.47	7.29	7.20	7.20	7.29
Burkina Faso	7.54	7.59	7.55	7.85	7.84	7.26
Côte d'Ivoire	6.30	6.28	6.46	6.08	6.08	6.26
Guinea-Bissau	8.32	8.40	8.51	9.80	7.63	8.63
Mali	7.88	7.23	7.14	7.25	7.52	7.65
Niger	8.89	8.84	9.07	8.50	8.48	8.70
Senegal	5.93	5.86	5.80	6.30	6.24	6.22
Togo	7.29	7.74	7.34	7.54	7.35	7.25
WAEMU	**6.75**	**6.69**	**6.63**	**6.71**	**6.70**	**6.67**

Source: BCEAO

6.2 - Monetary situation

120. Year-over-year growth in the money supply accelerated to 20.9% at end-June 2026, following an increase of 18.1% in March 2026. This trend was driven by increases in net external assets (+9.5795 trillion or +115.1%) and internal claims (+3.0229 trillion or +4.8%). The increase in net external assets stems reflects an improvement in the Union's external accounts, while growth in internal claims was linked to the consolidation of financing provided to central governments (+1.0943 trillion or +4.1%) and other resident sectors of the economy (+1.9286 trillion or +5.4%).

Table 29 - Monetary situation at end-June 2026

(in billions, unless otherwise indicated)

	June 2025	March 2026	June 2026	Quarterly change		Annual change	
				Level	%	Level	%
Money supply (M2)	**54,641.2**	**63,010.5**	**66,062.2**	**3,051.7**	**4.8**	**11,421.0**	**20.9**
Currency in circulation	**13,006.6**	**15,867.2**	**16,286.9**	**419.7**	**2.6**	**3,280.3**	**25.2**
Deposits	**41,634.5**	**47,143.3**	**49,775.3**	**2,632.0**	**5.6**	**8,140.8**	**19.6**
Transferable deposits	25,472.4	29,870.0	32,237.7	**2,367.7**	**7.9**	6,765.3	26.6
Other deposits	16,162.2	17,273.3	17,537.6	**264.3**	**1.5**	1,375.4	8.5
Net external assets	**8,326.3**	**15,948.4**	**17,905.8**	**1,957.4**	**12.3**	**9,579.5**	**115.1**
Domestic claims	**62,570.4**	**65,392.2**	**65,593.3**	**201.1**	**0.3**	**3,022.9**	**4.8**
Net claims on CGs*	26,690.9	27,880.9	27,785.2	-95.7	-0.3	1,094.3	4.1
Claims on the private sector	35,879.5	37,511.3	37,808.1	296.8	0.8	1,928.6	5.4

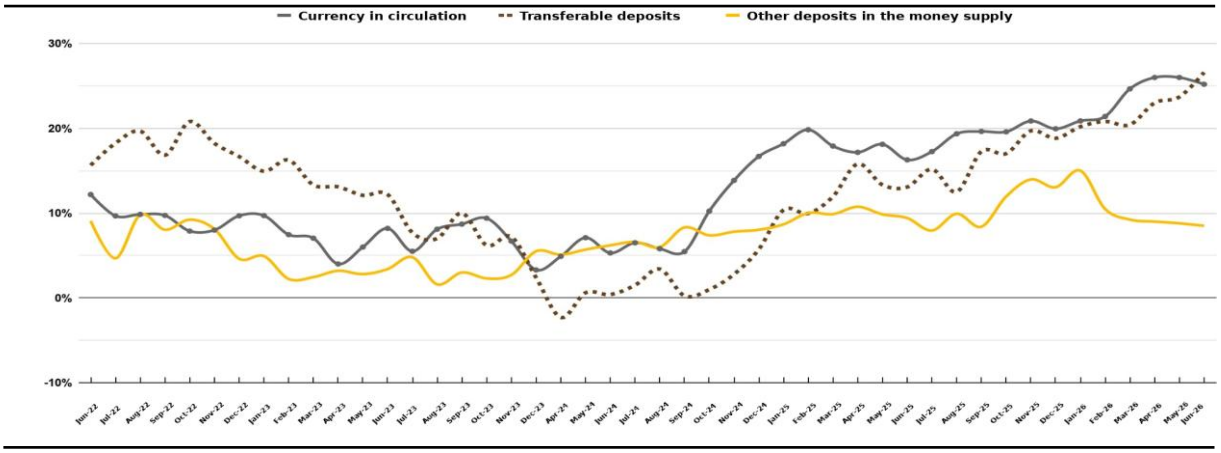
Source: BCEAO *(*) CGs: Central governments*

6.2.1 - The money supply and its components

121. Growth in the money supply was reflected in its components, namely currency in circulation and deposits. The annual growth rate of currency in circulation stood at 25.2% at end-June 2026, up from 24.7% at end-March 2026. Deposits, meanwhile, increased by 19.6% at end-June 2026, after rising by 16.1% three months earlier. In particular, transferable deposits and other deposits increased by 26.6% and 8.5%, respectively, at end-June 2026, compared with 20.4% and 9.2% at end-March 2026.

Graph 16 - Trends in bills and coins in circulation and deposits

(year-over-year change, in %)

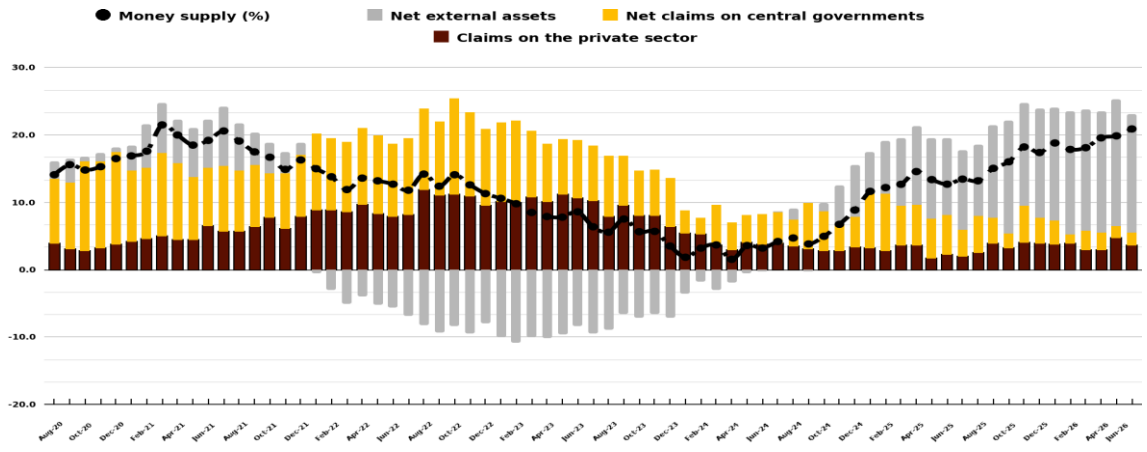


Source: BCEAO

6.2.2 - The money supply and its counterparts

122. At end-June 2026, year-over-year growth in the money supply (+20.9%) was driven by developments in its main counterparts. Net external assets (NEAs) increased by 9.5795 trillion, or +115.1%. Internal claims, for their part, rose by 3.0229 trillion, or +4.8%, supported by increased lending by banks to governments and other resident sectors of the economy.

Graph 17 - Counterpart contributions to growth in the money supply *(in percentage points)*



Source: BCEAO

Net external assets

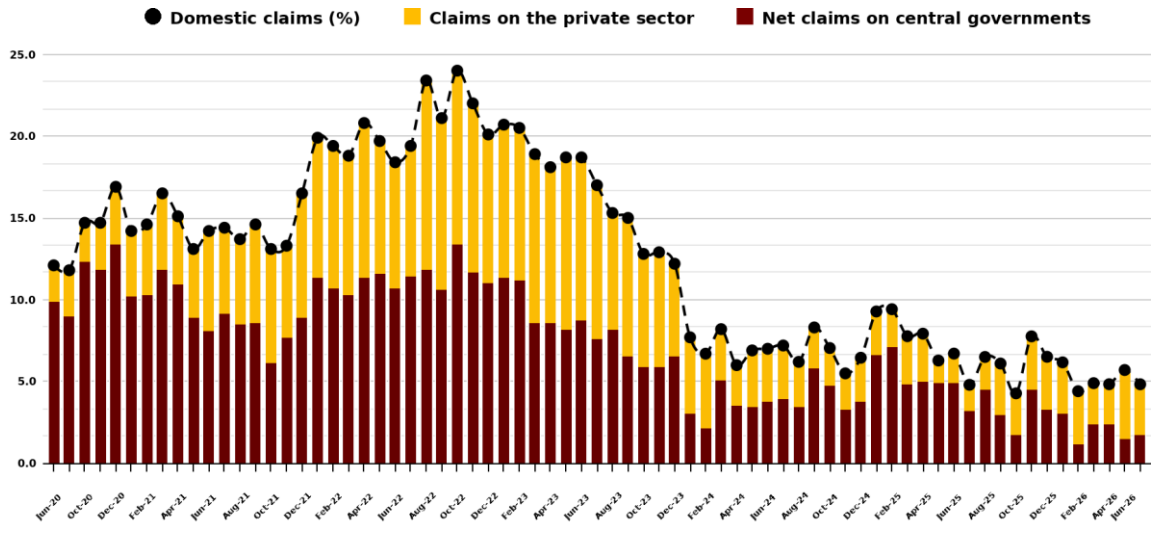
123. On a year-over-year basis, the Union's net external assets (NEAs) increased by 9.5795 trillion at end-June 2026, in line with the favorable profile of external accounts. This increase was driven by a 10.0421 trillion rise in the BCEAO's NEAs, partially offset by a decline of 462.6 billion in the NEAs of other deposit-taking institutions.

Internal claims

124. On an annual basis, the outstanding balance of internal claims increased by 3.0229 trillion, or +4.8%, at end-June 2026. This trend reflected increases in net claims of deposit-taking institutions on central governments (+1.0943 trillion, or +4.1%) and in claims on the private sector (+1.9286 trillion, or +5.4%).

Graph 18 - Contributions of components to growth in internal claims

(in percentage points)



Source: BCEAO

Net claims on central governments (CGs) of member states

125. On a quarterly basis, net claims on CGs decreased by 95.7 billion to stand at 27,7852 trillion at end-June 2026, mainly driven by the accumulation of Treasury departments' deposits (+917.7 billion) with banks, which more than offset the increase in banks' claims on central governments (+845.2 billion).

Table 30 - Net claims on central governments (CGs)

(in billions, unless otherwise indicated)

	June-25	March-26	June-26	Change (%)	
				Quarterly	Annual
Net claims on central governments (CGs)	**26,690.9**	**27,880.9**	**27,785.2**	**-0.3**	**4.1**
Receivables of deposit-taking institutions	35,014.8	36,690.5	37,535.7	2.3	7.2
Loans	11,467.2	11,523.7	11,579.4	0.5	1.0
Public securities portfolios	23,533.7	25,154.3	25,931.5	3.1	10.2
Other receivables	13.9	12.5	24.7	97.6	77.7
Liabilities of deposit-taking institutions	8,323.9	8,809.6	9,750.5	10.7	17.1
Treasury cash	33.5	33.5	33.5	0.0	0.0
Deposits	8,118.7	8,635.9	9,553.6	10.6	17.7
Other liabilities	171.6	140.1	163.3	16.6	-4.8

Source: BCEAO

Claims on the private sector

126. Year-over-year growth in claims on the private sector stood at 5.4% at end-June 2026, up from 4.4% at end-March 2026. In particular, loans to the private sector rose by 6.6% after 6.0%, driven mainly by loans to non-financial corporations (7.2% after 6.4% three months earlier). Loans to households and non-profit institutions serving households rose by 5.5%, following a 5.2% increase at end-March 2026. In contrast, lending to the public sector, comprising loans to local government and non-financial public corporations, contracted by 17.0% year over year.

Table 31 - Deposit-taking institutions' claims on the private sector

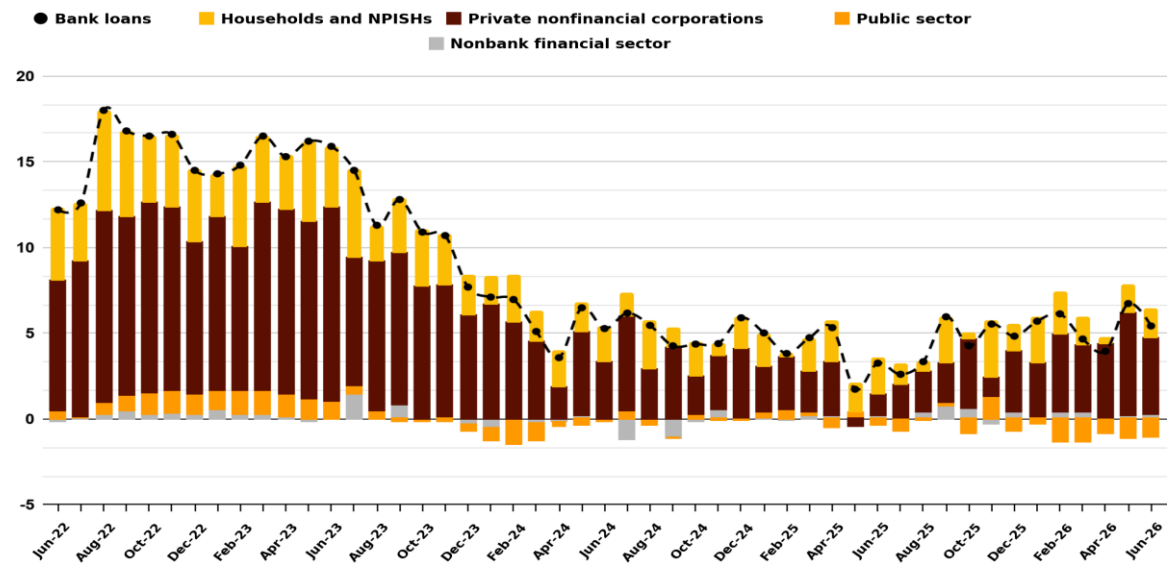
(in billions, unless otherwise indicated)

	June-25	March-26	June-26	Change (%)	
				quarterly	annual
Claims of deposit-taking institutions on the private sector	**35,879.51**	**37,511.30**	**37,808.09**	**0.8**	**5.4**
Claims of the BCEAO	**728.2**	**720.4**	**730.2**	**1.4**	**0.3**
Bank claims	**35,151.3**	**36,790.9**	**37,077.9**	**0.8**	**5.5**
Bank loans	**33,989.8**	**35,514.2**	**35,835.6**	**0.9**	**5.4**
Non-banking financial sector	523.1	626.0	636.9	1.7	21.8
Public sector	2,072.6	1,651.1	1,720.7	4.2	-17.0
Local government	91.0	52.7	58.4	10.8	-35.9
Public non-financial corporations	1,981.6	1,598.4	1,662.3	4.0	-16.1
Private sector	31,394.1	33,237.1	33,478.0	0.7	6.6
Private non-financial corporations	20,458.4	21,997.2	21,937.5	-0.3	7.2
Households and NPISHs	10,935.7	11,239.9	11,540.6	2.7	5.5
Other claims (*)	1,161.6	1,276.7	1,242.3	-2.7	6.9

Source: BCEAO (*) Consisting primarily of stocks and other equity securities and securities other than stocks

Graph 19 - Contributions to annual growth in bank loans

(in percentage points)



Source: BCEAO

127. The outstanding balance of loans reported to the bank credit risk registry for all WAMU member countries stood at 22.2691 trillion at end-June 2026, up from 22.0314 trillion at end-March 2026—an increase of 1.1%—compared with 19.9733 trillion one year earlier. This outstanding balance represents 62.1% of bank loans to the economy at end-June 2026.

128. Total outstanding loans to the 400 largest corporate borrowers (LCBs) in all eight countries of the Union, counting the top 50 businesses per country, stood at 10.6854 trillion at end-June 2026, up 0.9% and 7.2%, respectively, from its previous levels of 10.5905 trillion at end-March 2026 and 9.9721 trillion at end-June 2025. This outstanding balance represented 48.0% of all loans reported to the credit registry and 29.8% of bank loans to the private sector at end-June 2026, virtually unchanged from respective shares of 48.1% and 29.8% in March 2026.

129. By country, the share of the 50 LCBs in bank loans to the economy is projected to reach 58.5% in Guinea-Bissau, 48.1% in Niger, 42.2% in Mali, 34.4% in Benin, 30.6% in Burkina Faso, 30.4% in Togo, 26.8% in Senegal, and 25.6% in Côte d'Ivoire.

130. The breakdown by maturity of loans to the 50 LCBs in each country shows that short-term loans (64.1%) predominated over medium- and long-term loans (35.9%), and that short-term loans increased by 4.1 percentage points compared to March 2026.

131. By sector, large exposures were concentrated in seven industry sectors, which accounted for 94.7% of the total, namely: wholesale trade (28.1%), community services (21.9%), manufacturing (13.2%), transportation and communications (8.9%), insurance, real estate, and business services (8.7%), construction and public works (7.7%), and electricity, gas, and water (6.2%).

132. The outstanding balance of cross-border financing to the 400 LCBs in WAMU stood at 609.1 billion at end-June 2026, or 5.7% of total large exposures, up from 505.9 billion, or 4.8%, at end-March 2026, and 400.9 billion, or 4.0%, a year earlier. LCB financing thus increased by 51.9% year over year, at a rate significantly higher than that of large

exposures as a whole (+7.2%). It was primarily concentrated in credit institutions in Burkina Faso (31.5%), Niger (22.3%), Benin (18.4%), and Togo (15.4%).

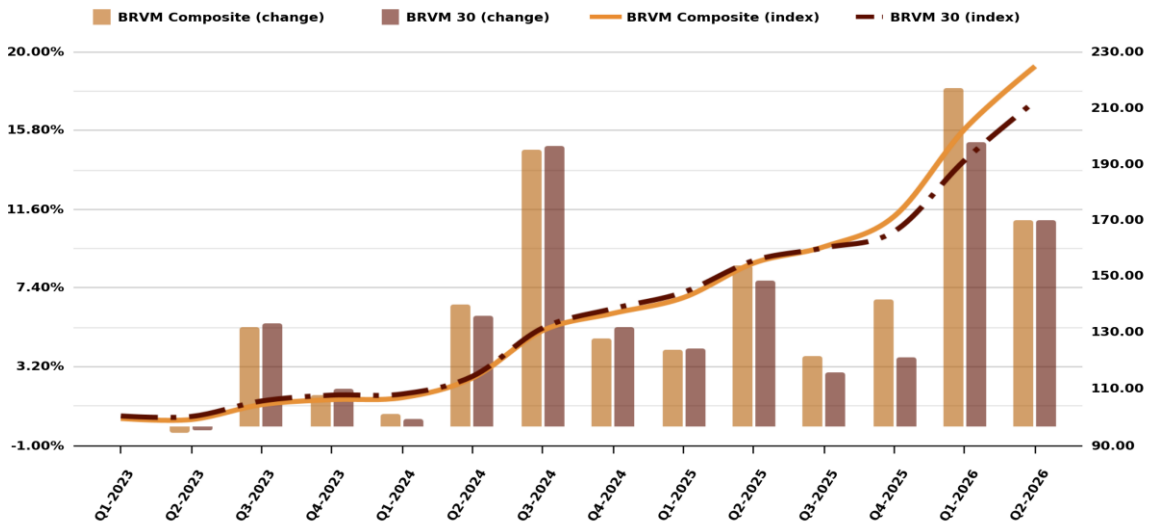
133. The gross non-performing loan ratio of the Union's credit institutions stood at 9.4% at end-June 2026, compared with 9.0% at end-March 2026, representing an increase of 0.4 percentage points. The net ratio came in at 3.9%, compared with 3.7% in the previous quarter, representing an increase of 0.2 percentage points.

6.3 - WAMU stock market

134. The regional stock market saw an 11.0% increase in the BRVM Composite index in the second quarter of 2026, after growth of 18.1% in the previous quarter. A similar trend was observed on an annual basis, with the BRVM Composite index rising by 40.9%, following a 35.6% increase one quarter earlier. Meanwhile, the BRVM 30 index rose by 11.0%, following a 15.2% gain in the previous quarter. Market capitalization of all listed securities rose by 7.2% quarter over quarter, following an increase of 11.0% three months earlier. This trend reflects increases in the market capitalization of both stocks (+7.7%) and bonds (+6.6%).

Graph 20 - Trends in the BRVM Composite and BRVM 30 indexes

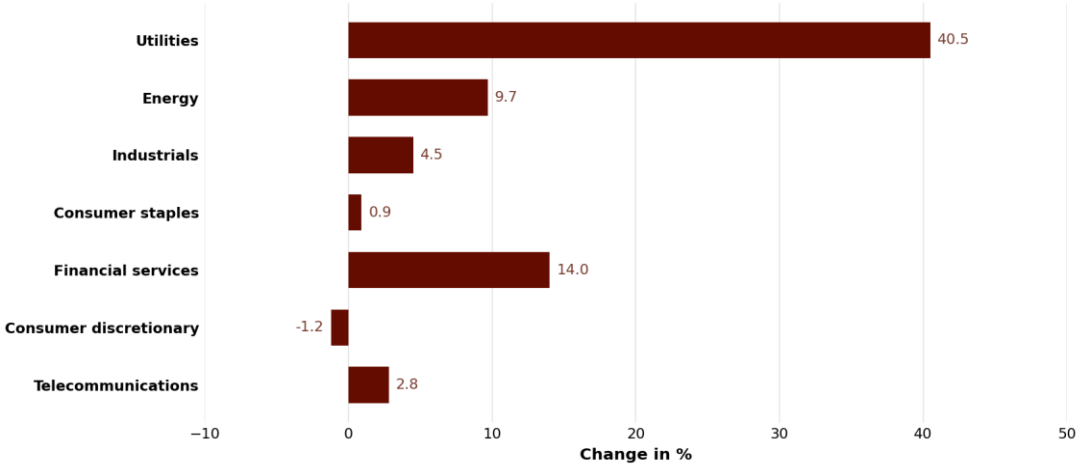
(indexes, base 100 = December 31, 2022, right scale; quarterly changes as a %, left scale)



Sources: BRVM, BCEAO calculations

135. Growth in stock market activity during the quarter under review reflected quarter-over-quarter gains in the "Utilities" (+40.5%), "Financials" (+14.0%), "Energy" (+9.7%), "Industrials" (+4.5%), "Telecommunications" (+2.8%), and "Consumer Staples" (+0.9%) indexes, partially offset by a decline in the "Consumer Discretionary" sector index (-1.2%).

Graph 21 - Trends in BRVM sector indexes[15] in the second quarter of 2026



Sources: BRVM, BCEAO calculations

136. On an annual basis, total market capitalization rose by 30.9% at end-June 2026. The increase was not limited to large-cap stocks, as the BRVM Composite index actually rose faster than the BRVM 30 over the past few quarters, narrowing the cumulative gap between the two indexes to 12.5 points.

7 - MID-TERM MACROECONOMIC OUTLOOK

*The IMF **global economic outlook** for 2026 was revised downward, primarily due to the negative impact of the Middle East conflict, which has been more significant than expected. According to projections published in July 2026, global output is expected to grow by 3.0% in 2026 and 3.4% in 2027, versus forecasts of 3.1% and 3.2%, respectively, published in April 2026. Global inflation is projected to reach 4.7% in 2026, up 0.6 percentage points from 2025, largely due to the repercussions of the energy shock, before falling to 3.9% in 2027.*

***Within the Union, the economic outlook** is generally favorable but remains subject to developments in the international economic environment, the sociopolitical and security situations in member countries, and the impact of climate change. GDP is projected to grow by 6.1% in 2026 and 6.2% in 2027, following 6.5% growth in 2025, driven by robust internal demand and strong performances in the extractive and agricultural sectors.*

Budgetary projections for the Union anticipate a widening of the deficit in 2026, followed by a return to fiscal consolidation in 2027. Compared with the June 2026 forecast, the projected deficits for 2026 and 2027 have been revised upward to 3.5% and 3.1%, respectively, after standing at 3.2% of GDP in 2025. The increase in the budget deficit in 2026 mainly reflects temporary measures taken by certain member states to mitigate the socioeconomic impact of the crisis in the Middle East on their populations. The public debt-to-GDP ratio is expected to remain virtually unchanged at 63.6% in 2026, compared with 63.3% in 2025, and drop to 60.8% in 2027.

***The external accounts outlook is expected to be favorable in 2026 and 2027**. The overall balance of payments is expected to remain in surplus by 3.4273 trillion in 2026 and 1.5231 trillion in 2027, after a surplus of 7.0276 trillion in 2025.*

***The monetary situation** is expected to show an acceleration in private-sector financing. Growth in loans to the private sector is projected at 6.9% in 2026 and 7.8% in 2027, after 5.6% in 2025.*

*According to projections, the Union's average annual **inflation rate** is expected to remain within the target range [1%–3%] in 2026 and 2027. It is projected to rise from 0.0% in 2025 to 1.0% in 2026 and 1.9% in 2027. This forecast notably takes into account the impact of the Middle East crisis on energy prices in the Union and the anticipated rise in prices for imported food products.*

7.1 - Projection assumptions

137. The main projection assumptions are based on the outlook for the international environment and internal economic conditions. On the external front, they are founded on forecasts for global economic growth and growth in the Union's main partner countries, as well as trends in international commodity prices and changes in international financial conditions. At the subregional level, the assumptions focus on the trajectories of the member states' budget deficits and their financing, the security and sociopolitical situation, and agro-climatic conditions.

In terms of the international environment

138. Global economic growth in 2026 is expected to be more moderate, with the balance of risks skewed downward overall due to the adverse effects of the ongoing conflict in the Middle East, before picking up in 2027.

139. According to the latest IMF projections published in July 2026, global economic growth is expected to reach 3.0% in 2026, down 0.1 percentage point from the April 2026 forecast, after growth of 3.5% in 2025. This slowdown reflects the ongoing negative supply shock caused by the Middle East

conflict, whose impact is expected to be mitigated by an acceleration in the global technology cycle, driven by demand and fueled by the adoption of artificial intelligence. Global growth in 2027 is projected to reach 3.4%, up 0.2 percentage point from the April 2026 forecast.

140. As for the Union's main partner countries, growth is projected to reach 2.3% in 2026 and 2.2% in 2027 in the United States, and 0.9% followed by 1.2% in the Eurozone. In China, growth is projected to stand at 4.6% in 2026 and 4.1% in 2027. In sub-Saharan Africa, growth is expected to remain broadly stable, at 4.3% in 2026 and 4.5% in 2027, with respective rates of 4.1% and 4.3% in Nigeria and 1.1% and 1.3% in South Africa. The volume of global trade in goods and services is expected to slow significantly from 5.0% in 2025 to 3.5% in 2026 and rebound to 4.3% in 2027.

141. Global inflation is expected to rise from 4.1% in 2025 to 4.7% in 2026, driven by higher prices for energy and food, before falling to 3.9% in 2027. These projections, revised upward by 0.3 percentage points for 2026 and 0.2 percentage points for 2027 compared with the IMF's April 2026 projections, mark a halt in the disinflation observed since the beginning of 2024. In the Eurozone, the inflation rate is expected to rise from 2.1% in 2025 to 2.9% in 2026, before falling to 2.3% in 2027. In the United States, inflation is projected to reach 3.6% in 2026, up from 2.5% in 2025, reflecting the cumulative effects of the energy shock and tariffs, before falling back to 2.4% in 2027.

142. The balance of risks to the global growth outlook remains skewed to the downside, according to the IMF. The most immediate risk stems from developments in the Middle East, as a resurgence of tensions is likely to staple goods, intensifying pressures on supply chains, and tightening financial conditions. Additional risks are related to accelerating trade fragmentation and a downward revision of profitability expectations associated with artificial intelligence—which could trigger a correction in financial markets—as well as a narrowing of fiscal space, particularly in highly indebted developing countries. Conversely, factors such as a faster-than-expected return to normal of the energy markets, higher-than-expected technology investments, or a revival of trade cooperation could improve the outlook.

International financial and monetary conditions are expected to tighten in 2026, reflecting the projected rise in global inflation.

143. In the Eurozone and the United States, expert analyses[15] project a gradual rise in key interest rates throughout 2026, in response to the energy shock feeding through to domestic prices. The European Central Bank has already raised its key interest rates by 25 basis points in June 2026. In the United States, projections by members of the Federal Reserve's Monetary Policy Committee in June 2026, place the federal funds rate between 3.6% and 4.1% at the end of 2026, compared with a current target range of 3.50% to 3.75%.

International prices for non-oil commodities exported by WAEMU countries are expected to decline in 2026 and 2027.

144. International prices for non-oil commodities exported by the Union's member countries are expected to decline in 2026, in line with

[15] Forecasts by Bloomberg experts.

the year-over-year decline in prices for cocoa (-32.1%), coffee (-22.8%), and cashew nuts (-7.5%). However, the price of gold is expected to rise by 11.5% in 2026, driven by ongoing uncertainties related to geopolitical tensions in the Middle East, which reinforce its role as a safe-haven asset. Rubber (+17.0%) and cotton (+11.9%) are also expected to rise, amid supply constraints.

145. In 2027, prices for the main non-oil commodities exported by the Union's countries are expected to decline overall, due to anticipated drops in prices for cocoa (-24.0%), gold (-6.1%), and coffee (-0.2%). The impact of these lower prices is expected to be mitigated by projected higher prices for rubber (+6.8%), cotton (+5.7%), and cashew nuts (+2.4%).

Increases in international oil prices are expected to be less significant than initially projected.

146. Projection assumptions for oil products are based on an average increase of 17.5% in global prices in 2026, compared with an initial forecast of 26.4%. The impact of the Middle East crisis on international energy prices appears to be less significant than projected in the previous report. For example, the price of Brent crude, which stood at $72.50 per barrel on the eve of the conflict, peaked at $120 per barrel on April 29, 2026, before falling to an average of $78 per barrel in June 2026, and stabilizing at around $82 per barrel during the first two weeks of August 2026. Thus, despite the ongoing conflict, energy prices have eased compared to the projected shock.

147. This price easing was due to the ceasefire declared during the second quarter as well as the memorandum of understanding signed between Iran and the United States last June, which allowed for the partial reopening of the Strait of Hormuz, mitigating the rise in oil prices. In addition, international adjustment mechanisms have helped increase the global oil supply. On March 11, 2026, the International Energy Agency decided to release 400 million barrels from the strategic reserves of its 32 member countries, marking the sixth-largest collective action of its kind. As of May 8, 2026, approximately 164 million barrels had been released, adding 2.5 million barrels per day to the effective supply. At the same time, the bypass infrastructure[16] for the Strait of Hormuz was brought up to full capacity. This initiative increased effective supply by approximately 3.5 to 5.5 million barrels per day, corresponding to the residual capacity of this infrastructure. Furthermore, OPEC raised its production quotas to a monthly rate of 188,000 barrels per day from June through September 2026. Finally, the downward revision of oil prices for 2026 took into account the positive effects of ongoing negotiations, which point toward agreements and a containment of the conflict.

148. In this context, oil prices are expected to fall by 9.2% in 2027, reflecting an anticipated improvement in supplies on the energy markets. The average price per barrel of WTI is projected to stand at $83.0 in 2026 and $72.9 in 2027, compared with $67.4 in 2025.

International prices for imported food products are expected to rebound in 2026 and continue to rise in 2027.

[16] The Saudi East-West oil pipeline connecting Abqaiq to the port of Yanbu on the Red Sea (capacity of 7 million barrels per day) and the Habshan-Fujairah oil pipeline in the United Arab Emirates, which connects to the Gulf of Oman (capacity of 1.8 million barrels).

149. According to forecasts based on IMF and FAO data, prices for food products imported by the Union are expected to rise by 2.9% year over year in 2026, after a drop of 7.3% in 2025, followed by a 9.4% increase in 2027. The price recovery in 2026 is expected to be driven by higher prices for soybean oil (+33.9%) and wheat (+10.1%), mitigated by decreases in the prices of milk (-13.3%), rice (-3.9%), and sugar (-4.0%). In 2027, the increase is expected to result mainly from higher prices for rice (+13.1%), the largest item in the Union's import basket, as well as sugar (+9.3%), maize (+8.1%), and wheat (+6.9%).

150. These projections reflect a 2.3% deterioration in the Union's terms of trade in 2026, followed by a further deterioration of 7.5% in 2027, after an improvement of 39.7% in 2025. The deterioration, which will be more pronounced in 2027, is expected to result from a combination of prolonged decreases in prices of export commodities and rising prices for imported food products.

At the regional level

In terms of public finance, government budget deficits are expected to widen in 2026, driven by temporary measures, primarily designed to mitigate the impact of the Middle East conflict, before narrowing in 2027.

151. Based on member state data, the Union's overall budget deficit is expected to reach 3.5% of GDP in 2026—0.3 percentage point higher than stated in the June 2026 forecast—before falling to 3.1% in 2027, compared with the 2.9% initially expected. This deterioration is primarily attributed to the support measures implemented by member states to mitigate the socioeconomic impact of the Middle East conflict. Indeed, some member states have temporarily waived certain taxes on petroleum product imports to insulate local energy prices from the effects of rising international prices. In addition, following the increase in gas prices, targeted subsidies and transfers are planned to benefit vulnerable households and certain sectors, particularly agriculture.

152. National governments are expected to continue using the international financial market to finance their deficits. In 2026, aside from the funds already raised on the international markets by Côte d'Ivoire (823.2 billion) and Benin (474.3 billion), no additional fundraising is planned for the remainder of the year. In 2027, only Côte d'Ivoire plans to raise 562.5 billion.

153. In addition, major Eurobond maturities are scheduled over the 2026–2027 period, particularly for Côte d'Ivoire and Senegal. For Côte d'Ivoire, Eurobond repayments are projected to increase from 106.9 billion in 2026 to 111.3 billion in 2027. As for Senegal, Eurobond redemptions, settled in March 2026, amounted to 218.7 billion and are expected to remain at the same level in 2027.

Oil production is expected to decline in 2026 and rebound in 2027.

154. According to data from national sources, crude oil production is expected to stand at 243,555.0 barrels per day in 2026, compared to 256,847.6 barrels per day in 2025. This decline primarily reflects an anticipated drop in production volumes in Senegal, as announced by the operating companies. For 2027, oil production is estimated at 247,607.0 barrels per day.

Mining production is expected to stabilize over the next few years.

155. In Burkina Faso, gold production is expected to increase over the coming years, driven by the ramp-up of production at new mines that began operating in recent years, as well as the impact of reforms undertaken to improve

the organization of collection and marketing channels for artisanal and semi-mechanized production. In Côte d'Ivoire, production is also expected to increase thanks to the start-up of five major mining projects located in the north of the country, in Koné, Assafou, Doropo, Afema, and Boundiali.

The current security and sociopolitical situation in the Union is not expected to deteriorate over the coming years.

156. In view of the measures undertaken by member states to strengthen security capabilities, the current security situation is not expected to deteriorate over the next few years. The baseline scenario assumes overall stability in the security and sociopolitical environment over the projection horizon.

Agro-climatic conditions are expected to remain broadly favorable for food production in the countries of the region.

157. The final figures for the region's 2025/2026 agricultural season show an estimated cereal production of 36.0 million metric tons, up 6.8% from the previous season and 15.5% compared to the five-year average. By country, production increased by 25.6% in Guinea-Bissau, 17.8% in Burkina Faso, 11.5% in Mali, 10.6% in Togo, 8.0% in Côte d'Ivoire, 4.1% in Senegal, and 1.1% in Benin. In contrast, production dropped in Niger (-10.8%), following an exceptional previous crop year (+14.7%). The decline in agricultural production in Niger is linked to irregular rainfall in several production areas and pockets of drought observed during the growing season. On this basis, the central scenario assumes a 5.0% annual increase in cereal production over the coming years.

158. **Two additional scenarios**, one higher and the other lower, were developed to bracket the medium-term outlook for inflation. These scenarios are based on the baseline (central) projections, with a tolerance of plus or minus 5 percentage points for cereal production and the prices of imported food products. Regarding the euro/dollar exchange rate, a margin of plus or minus 0.05 dollars is applied. For crude oil prices, a fluctuation of plus or minus 10 U.S. dollars is assumed.

Table 32 - Inflation scenario projection assumptions

	2025	2026			2027		
	Actual	Lower	Central	Higher	Lower	Central	Higher
Oil barrel price (Brent, in dollars)	67.4	73.0	83.0	93.0	62.9	72.9	82.9
Euro/dollar exchange rate	1.13	1.21	1.16	1.11	1.19	1.14	1.09
Eurozone inflation (%)	2.1	2.5	3.0	3.5	1.8	2.3	2.8
BCEAO index of imported food prices (%)	-18.4	-2.1	2.9	7.9	4.4	9.4	14.4
Cereal production in the Union (%)	6.8	10.0	5.0	0.0	10.0	5.0	0.0

Sources: Bloomberg, ECB, BCEAO, IMF
(*) The level of cereal production in 2025 affects prices from Q4 2025 through Q3 2026 (this lag also applies to subsequent years).

7.2 - Macroeconomic projections for 2026 and 2027

Economic activity in the Union will remain robust in 2026 and 2027.

159. For 2026, BCEAO projections point to real GDP growth of 6.1% in the Union. Growth is expected to be driven primarily by the tertiary sector, whose contribution is estimated at 3.6 percentage points, driven by strong performances in retail trade and market services. The secondary sector is projected to contribute 1.5 percentage point, benefiting from the expected performances of the manufacturing and extractive industries. The primary sector is expected to contribute 1.0 percentage point, in line with the favorable outlook for the 2026–2027 crop season, supported by the continued implementation of programs to improve yields of major crops in most member states.

160. On the demand side, economic growth is expected to be driven primarily by final consumption (3.9 percentage points) and investment (2.5 percentage points). This momentum reflects the gradual improvement in household incomes, as well as the continuation of socio-economic infrastructure projects[17] in several member states of the Union. By contrast, the contribution of the external sector to growth is projected to be negative at -0.3 percentage point, notably due to increased imports of intermediate goods and capital goods necessary for carrying out investments.

Table 33 - Trends in contributions to GDP growth in the Union, in real terms

(in percentage points, unless otherwise indicated)

	2024	2025*	2026**		2027**	
		Est.	Forecast (June 2026)	Forecast (Sept. 2026)	Forecast (June 2026)	Forecast (Sept. 2026)
Primary sector	**1.0**	**0.9**	**1.0**	**1.0**	**1.2**	**1.2**
Secondary sector	**1.5**	**2.0**	**1.5**	**1.5**	**1.5**	**1.5**
incl.: - Manufacturing	*0.6*	*0.6*	*0.5*	*0.5*	*0.4*	*0.4*
- Extractive industries	*0.7*	*1.0*	*0.7*	*0.7*	*0.5*	*0.5*
- Public works and civil eng.	*0.1*	*0.3*	*0.2*	*0.2*	*0.4*	*0.4*
Tertiary sector	**3.6**	**3.6**	**3.6**	**3.6**	**3.5**	**3.5**
Real GDP	**6.1**	**6.5**	**6.1**	**6.1**	**6.2**	**6.2**
Final consumption	**1.6**	**3.8**	**3.9**	**3.9**	**3.9**	**3.9**
Private	1.1	3.5	3.4	3.4	3.4	3.4
Public	0.5	0.3	0.5	0.5	0.5	0.5
CapEx	**2.0**	**1.9**	**2.5**	**2.5**	**1.4**	**1.4**
Private	1.4	1.3	1.7	1.7	1.2	1.2
Public	0.6	0.6	0.8	0.8	0.2	0.2
External sector	**2.5**	**0.8**	**-0.3**	**-0.3**	**0.9**	**0.9**

Sources: National statistics institutes, BCEAO (*) Estimates by national agencies (**) BCEAO projections

[17] Several infrastructure projects are currently underway in the Union: the development of the Baleine oil field off the coast of Abidjan, the Bus Rapid Transit (BRT) project, and road and rail construction projects (Line 1 of the Abidjan metro) in Côte d'Ivoire, construction of the Kandadji Dam and the development of the Gorou Banda site in Niger, and public works and lowland agricultural development initiatives in Burkina Faso.

161. Compared to the projections in the June 2026 report, the Union's expected economic growth of 6.1% in 2026 remains unchanged despite downward revisions to growth in Guinea-Bissau (+5.0% versus +5.1%) and Burkina Faso (+6.0% versus +6.3%).

162. The downward revision for Guinea-Bissau mainly reflects slower-than-expected growth in agricultural activity, at +2.4% versus +4.0%. In Burkina Faso, it was primarily due to lower-than-expected artisanal gold production for 2026, but also to a lower forecast for value added in the "agriculture, livestock, forestry, and fisheries" sector (-1.3%).

163. The projected growth rate for 2027 is 6.2%, unchanged from previous projections. The tertiary and secondary sectors are expected to be the mainstays of the economy, with contributions estimated at 3.5 percentage points and 1.5 percentage point, respectively. The contribution of the primary sector is expected to reach 1.2 percentage point. Ongoing projects for the construction and development of basic socioeconomic infrastructure in most member states of the Union, and investments in oil exploration projects, are expected to drive growth in the construction sector and an increase in industrial production. The tertiary sector, in particular, is expected to benefit from the spillover effects of the other two sectors' momentum on trade and service activities.

164. The outlook for growth remains subject to downside risks, particularly due to escalating geopolitical and trade tensions, the fragile security situation within the Union, and disruptions in rainfall patterns due to the effects of climate change.

Table 34 - Trends in GDP growth rates by country, in real terms (%)

	2025*	2026**		2027**	
		Forecast (June 2026)	Forecast (Sept. 2026)	Forecast (June 2026)	Forecast (Sept. 2026)
Benin	8.1	7.2	7.2	7.5	7.5
Burkina Faso	5.3	6.3	6.0	4.4	4.4
Côte d'Ivoire	6.6	6.2	6.2	6.4	6.4
Guinea-Bissau	5.5	5.1	5.0	5.6	5.6
Mali	5.6	5.7	5.7	5.6	5.6
Niger	6.6	6.8	6.8	6.4	6.4
Senegal	6.7	4.8	4.8	5.0	5.0
Togo	6.2	6.1	6.1	6.3	6.3
Union	**6.5**	**6.1**	**6.1**	**6.2**	**6.2**

Sources: National statistics institutes, BCEAO *(*) Estimates by national agencies (**) BCEAO projections*

A return to fiscal consolidation in 2027

165. Based on the latest estimates, the budget deficit as a percentage of GDP is expected to rise from 3.2% of GDP in 2025 to 3.5% in 2026, then to 3.1% in 2027. The deficits projected for 2026 and 2027 have been revised upward as compared to the June 2026 forecasts.

166. The 2026 budget balance was revised due to higher-than-expected public expenditure and relatively stable fiscal revenue. Specifically, total expenditure and net lending are expected to rise from 21.8% of GDP in the June 2026 projections to 22.1% according to the

September projections, driven primarily by an increase in current expenditure, particularly in transfers and subsidies. At the same time, total revenue and grants as a percentage of GDP are expected to remain around 18.6%, due to lower-than-expected tax collection, primarily due to the temporary suspension of certain taxes on petroleum products in some member states. The trend in current expenditure is expected to reflect the measures implemented by certain member states to mitigate the economic and social impact of the Middle East conflict, including rising prices for energy products and certain foodstuffs.

167. The upward revision of the budget deficit for 2027 (+0.2 basis point) mainly reflects lower expectations for public revenue, as the government-revenue-to-GDP ratio is projected to drop from 18.5% to 18.2%, despite a downward adjustment of public expenditure from 21.4% to 21.2% of GDP.

Table 35 - Projected financial operations of WAEMU member states

(in billions, unless otherwise indicated)

	2024	2025*		2026**		2027**	
		June est.	Actual	June forecast	Sept. forecast	June forecast	Sept. forecast
Total revenue and grants	**23,378.2**	**26,642.1**	**26,843.6**	**30,025.8**	**29,859.0**	**32,555.5**	**31,995.2**
(% of GDP)	***17.3***	***18.0***	***18.1***	***18.6***	***18.6***	***18.5***	**18.2**
incl. fiscal revenue	19,489.9	22,363.5	22,599.3	25,454.1	25,080.9	27,996.1	***27,182.5***
(% of GDP)	*14.4*	*15.1*	*15.2*	*15.8*	*15.6*	*15.9*	15.4
Other revenue (including non-tax revenue)	2,933.4	3,278.4	3,380.9	3,382.3	3,573.2	3,390.2	*3,684.9*
(% of GDP)	*2.2*	*2.2*	*2.3*	*2.1*	*2.2*	*1.9*	2.1
Grants	954.9	1,000.2	863.3	1,189.4	1,204.9	1,169.2	*1,127.9*
(% of GDP)	*0.7*	*0.7*	*0.6*	*0.7*	*0.8*	*0.7*	0.6
Total expenditure and net loans	**30,666.3**	**31,451.5**	**31,525.1**	**35,191.2**	**35,484.2**	**37,647.6**	**37,409.0**
(% of GDP)	***22.7***	***21.3***	***21.2***	***21.8***	***22.1***	***21.4***	***21.2***
incl. current expenditure	19,556.0	20,682.1	20,819.8	21,707.6	22,117.1	23,650.0	***23,888.9***
(% of GDP)	*14.5*	*14.0*	*14.0*	*13.5*	*13.8*	*13.4*	13.6
capital expenditure	9,806.5	9,182.6	9,113.2	12,007.7	11,917.1	12,479.9	*11,920.0*
(% of GDP)	*7.2*	*6.2*	*6.1*	*7.4*	*7.4*	*7.1*	6.8
Balance (commitment basis incl. grants)	**-7,288.1**	**-4,809.4**	**-4,681.5**	**-5,165.4**	**-5,625.2**	**-5,092.1**	*-5,413.7*
(% of GDP)	***-5.4***	***-3.3***	***-3.2***	***-3.2***	***-3.5***	***-2.9***	**-3.1**

Sources: National departments, BCEAO *(*) Estimates* *(**) Projections*

168. Given the above trends, the Union-wide public debt-to-GDP ratio is projected to stand at 63.6% in 2026, following 63.3% in 2025 and 65.4% in 2024, before falling to 60.8% in 2027. Interest payments on the debt as a share of tax revenue are projected to fall from 17.9% in 2025 to 16.3% in 2026 and 14.8% in 2027. Despite this downward trend, a significant portion of tax revenue will continue to be allocated to interest payments on the public debt.

Table 36 - Trends in outstanding public debt across WAEMU

(in billions, unless otherwise indicated)

	2024		2025*		2026**		2027**	
	Est. June	Est. Sept.	Est. June	Est. Sept.	Est. June	Est. Sept.	Est. June	Est. Sept.
Outstanding debt	87,676.8	88,507.7	93,548.5	93,922.4	100,611.5	101,968.9	106,739.0	107,039.3
% of GDP	64.8	65.4	63.2	63.3	62.4	63.6	60.6	60.8
Interest (% of tax revenue)	17.6	17.6	17.5	17.9	16.4	16.3	15.2	14.8

Sources: National departments, BCEAO *(*) Estimate* *(**) Projections*

169. The outlook presented above remains subject to significant risk factors that could affect trends in public finance. These vulnerabilities are primarily linked to persistent security challenges in most member states. If these risks materialize, they could jeopardize the Union's ongoing fiscal consolidation efforts.

External accounts are expected to remain in surplus, driven by continued inflows of external capital, which should cover a relatively contained current account deficit.

170. In 2026, the WAEMU member states' overall external trade balance is projected to show a surplus of 3.4273 trillion. The current account deficit as a percentage of GDP is expected to stand at 1.6%, representing a deterioration of 0.6 percentage point compared to 2025. The widening of the current account deficit was primarily the result of unfavorable changes in the terms of trade. The goods account is projected to show a surplus of 7.6700 trillion, compared with a surplus of 8.0598 trillion in 2025.

171. The capital account surplus is projected to stand at 1.6259 trillion in 2026, compared with 1.6074 trillion a year earlier. Under those conditions, expected financial flows should cover 471.5% of financing needs, estimated at 922.6 billion in 2026.

172. For 2027, the Union's external accounts are projected to show a surplus of 1.5231 trillion. The current account deficit is projected to stand at 2.7% of GDP for the year, while the capital account surplus is expected to total 1.5763 trillion. The expected financial flows should ensure 148.7% coverage of financing needs, estimated at 3.1247 trillion in 2027.

173. The projected external balance could be less favorable in the event of a more significant deterioration in the terms of trade. The ongoing Middle East conflict raises fears of a resurgence of inflationary pressures, which could lead to higher import costs. Furthermore, higher inflation could lead to a more restrictive monetary policy stance by central banks in major advanced economies, which would result in tighter international financial conditions, restricting member states' access to international capital markets. Such a development would also affect the prospects of fund raising through Eurobond issues and drawdowns, increasing governments' reliance on the regional financial market and heighten the refinancing risk.

Table 37 - Balance of payments forecasts for WAEMU

(in billions, unless otherwise indicated)

	2024	2025	2026		2027	
			June forecast	Sept. forecast	June forecast	Sept. forecast
Trade balance	**-171.0**	**8,059.8**	**6,731.1**	**7,670.0**	**6,034.1**	**5,391.0**
Exports (FOB) (*)	23,944.9	33,712.3	36,998.0	36,918.8	*37,965.5*	*36,318.1*
Imports (FOB) (*)	24,115.9	25,652.5	30,266.9	29,248.9	*31,931.5*	*30,927.2*
Balance of services	**-6,769.1**	**-6,942.6**	**-8,251.4**	**-8,041.0**	**-8,353.2**	**-8,119.0**
Credit	*1,499.3*	*1,551.5*	*1,605.4*	*1,647.5*	*1,592.7*	*1,639.5*
Debit	*-8,268.3*	*-8,494.1*	*-9,856.8*	*-9,688.5*	*-9,945.9*	*-9,758.6*
Including freight	*-4,601.4*	*-5,055.3*	*-5,845.3*	*-5,634.9*	*-6,154.9*	*-5,920.7*
Primary income account balance	**-4,978.7**	**-6,845.8**	**-6,613.9**	**-6,592.7**	**-6,748.4**	**-6,520.2**
Secondary Income account balance	**4,145.0**	**4,268.6**	**4,279.4**	**4,415.2**	**4,308.8**	**4,547.3**
Current account balance	**-7,773.7**	**-1,460.0**	**-3,854.8**	**-2,548.5**	**-4,758.7**	**-4,701.0**
Current account balance (% of GDP)	-5.7	-1.0	-2.4	-1.6	-2.7	-2.7
Current account balance excluding grants (% of GDP)	-5.9	-1.0	-2.5	-1.7	-2.8	-2.8
Capital account balance	**1,293.1**	**1,607.4**	**1,582.7**	**1,625.9**	**1,587.9**	**1,576.3**
Financial account balance	**-9,062.8**	**-5,642.8**	**-3,461.5**	**-4,349.9**	**-4,654.1**	**-4,647.8**
- Foreign direct investment	*-4,599.1*	*-3,134.2*	*-3,409.7*	*-3,406.2*	*-3,314.1*	*-3,310.1*
- Portfolio investments	*-2,011.6*	*-2,675.4*	*-123.3*	*-973.3*	*181.2*	*161.2*
- Other investments	*-2,446.7*	*166.7*	*71.5*	*29.6*	*-1,521.1*	*-1,498.9*
Aggregate balance	**3,012.7**	**7,027.6**	**1,189.4**	**3,427.3**	**1,483.2**	**1,523.1**
Revaluations	**651.0**	**1,385.8**	**0.0**	**0.0**	**0.0**	**0.0**
Change in NEAs	**-3,663.8**	**-8,413.4**	**-1,189.4**	**-3,427.3**	**-1,483.2**	**-1,523.1**

Source: BCEAO *(*) Excluding intra-WAEMU trade.*

The projected monetary situation should provide adequate financing for the economies.

174. Growth in credit to the economy is projected at 6.9% in 2026 and 7.8% in 2027, after 5.6% in 2025.

175. In 2026, the money supply is projected to increase by 16.5%, after growth of 17.4% at end-December 2025, driven by increases in internal claims and net external assets (NEAs). Net claims of deposit-taking institutions on central governments are expected to increase to 3.4677 trillion, compared with 2.0145 trillion in 2025. Credit to the economy is projected to grow by 6.9% after 5.6% in 2025. NEAs of deposit-taking institutions are expected to increase by 3.4273 trillion, compared with 8.4134 trillion in 2025, in line with the surplus in external accounts.

176. In 2027, the expected 15.5% increase in the money supply will be driven by an increase in domestic claims and a rise of 1.5231 trillion in deposit-taking institutions' net external assets. Financing for private- and public-sector activities is expected to be robust, with 7.8% growth in credit to the economy combined with a 2.7161 trillion increase in net lending to central governments, representing 8.7%.

Table 38 - Projected WAEMU monetary aggregates

(in billions, unless otherwise indicated)

Headings	2024	2025	2026		2027	
			Est. (June 2026)	Est. (Sept. 2026)	Est. (June 2026)	Est. (Sept. 2026)
Money supply growth rate (in %)	**8.9**	**17.4**	**16.6**	**16.5**	**15.2**	**15.5**
Growth rate of claims on the private sector (%)	4.5	5.6	7.4	6.9	8.0	7.8
Change in net claims on central governments	2,184.2	2,014.5	4,133.6	3,467.7	2,685.4	2,716.1
Change in net external assets	3,663.8	8,413.4	1,189.4	3,427.3	1,483.2	1,523.1
Loans to the economy/GDP (%)	**26.8**	**25.9**	**25.6**	**25.3**	**25.5**	**24.8**
Broad money (M2)	**52,022.2**	**61,051.5**	**71,192.1**	**71,109.8**	**81,981.8**	**82,125.8**
Currency in circulation	12,454.9	14,926.7	17,288.4	17,292.4	19,049.2	19,054.6
Deposits	39,567.3	46,124.8	53,903.7	53,817.4	62,932.6	63,071.2

Source: BCEAO

7.3 - Inflation forecasts and risks

177. The rate of increase in the general price level is projected to accelerate in the third quarter of 2026, with inflation expected to reach 1.3%, after a performance of 0.4% in the second quarter of 2026. This development is expected to reflect the potential repercussions of geopolitical tensions in the Middle East on petroleum product prices as well as on freight costs. It also takes into account the effects of disruptions in the food distribution chain, linked to ongoing insecurity in certain areas of the Union. However, its impact is expected to remain contained by the available supply of cereal products in the Union, bolstered by strong harvests in the 2025–2026 crop season (+6.8%).

178. After a level of 0.0% in 2025, annual average inflation in the Union is expected to reach 1.0% in 2026 and 1.9% in 2027, staying within the monetary policy target range over the two-year projection horizon.

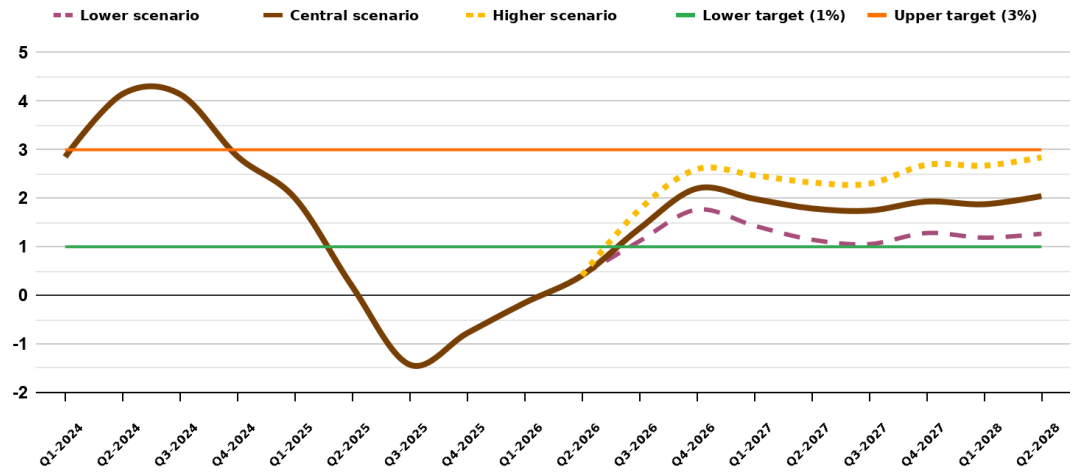
Table 39 - WAEMU inflation rate projections (%)

		2026			2027				2028		Averages			
		Q2 Actual	Q3 Est.	Q4 Est.	Q1 Est.	Q2 Est.	Q3 Est.	Q4 Est.	Q1 Est.	Q2 Est.	2025	2026	2027	Eight quarters
Inflation rate	Lower scenario	0.4	1.1	1.8	1.5	1.2	1.1	1.3	1.2	1.3	0.0	0.8	1.3	1.3
	Central scenario	0.4	1.3	2.2	2.0	1.8	1.8	1.9	1.9	2.0	0.0	1.0	1.9	1.9
	Higher scenario	0.4	1.7	2.6	2.5	2.4	2.4	2.7	2.7	2.8	0.0	1.2	2.5	2.5

Source: BCEAO

179. Over the eight-quarter forecast horizon, under on the baseline scenario, inflation is expected to reach 1.9%. This trend will primarily be driven by the absence of pressures on global oil prices projected over the forecast horizon.

Graph 22 - Inflation forecasts, year over year (%)



Source: BCEAO

180. The balance of risks surrounding inflation forecasts is skewed to the upside. Inflation forecasts could potentially be influenced by disruptions in the food supply chain between production areas and distribution areas, due to ongoing insecurity in parts of the Union, which, if it persists, could lead to additional price pressures. A deterioration in the security situation could also trigger large-scale population displacements, reducing supplies, particularly of agricultural products. In addition, a resurgence of geopolitical tensions in the Middle East, which could lead to further increases in oil and food prices, would intensify inflationary pressures through higher transportation costs and prices for local products. Conversely, continued favorable trends in food supplies within the Union and a faster return to normal in the global situation would act have a moderating impact on inflation.

APPENDICES

1. **Box E.1** - Methodology for assessing the alignment of the Union's external position with its economic fundamentals
2. **Table A.1** - WAMU: Summary statement of the Central Bank
3. **Table A.2** - WAEMU: Summary statement of the banks
4. **Table A.3** - WAMU: Monetary aggregates
5. **Table A.4** - WAMU: Net claims on central governments
6. **Table A.5** - Breakdown of inflation in WAEMU

Box E.1: Methodology for assessing the alignment of the Union's external position with its economic fundamentals

The Central Bank uses the EBA-lite methodology to calculate the real effective exchange rate (REER) and its equilibrium level. This method, developed by the IMF, has improved the way the external viability of the member states is assessed in the context of the Fund's Article IV consultations. Beginning in 2019, the BCEAO has strengthened its competitiveness measurement system by rolling out the EBA-Lite model provided by the IMF to improve analysis of the real effective exchange rate. The model's parameters have been adapted to take the specific characteristics of the WAEMU member states into account.

This approach is founded on the estimation of a norm value (CA norm) for the current account deficit and the real effective exchange rate (REER), based on a set of factors that influence their movements. The values correspond to current account deficit and REER levels compatible with the fundamentals of the economy under review. Optimum levels are also identified for other types of macroeconomic aggregates, known as policy variables, and these are also taken into account.

Misalignments of the current account deficit or REER relative to the fundamentals are identified based on the difference between the observed level of the deficit and the norm, as well as on the gap between policy variables and their desirable levels (CA gap and REER gap). The findings are compared to the ranges within which the current account deficit and the REER are deemed to be compatible with the fundamentals.

Thus, CA gap values higher than 1 indicate an undervaluation relative to the fundamentals of the economy, while CA gap values below -1 indicate an overvaluation relative to the fundamentals of the economy. In the case of the REER gap, values below -5 point to an undervaluation relative to the fundamentals of the economy, while REER gap values above 5 suggest an overvaluation relative to the fundamentals of the economy.

Table A.1 - WAMU: Central Bank Survey *(in billions of CFA francs)*

Items	Mar.-25	June-25	Sept.-25	Dec.-25	Mar.-26	June-26
Net external assets	**8,163.4**	**10,506.2**	**10,176.3**	**15,599.8**	**18,702.7**	**20,548.3**
Claims on other deposit-taking institutions	**8,370.1**	**8,044.8**	**7,922.0**	**8,326.0**	**6,996.3**	**6,732.5**
Net claims on central governments	**6,298.2**	**6,043.5**	**5,985.8**	**5,880.3**	**5,424.2**	**4,290.5**
Claims on the private sector	**729.1**	**728.2**	**737.6**	**721.6**	**720.4**	**730.2**
TOTAL ASSETS	**23,560.7**	**25,322.6**	**24,821.6**	**30,527.6**	**31,843.6**	**32,301.5**
Monetary base	**18,524.5**	**19,676.7**	**19,384.8**	**23,917.7**	**24,804.9**	**25,822.5**
Currency outside banks	13,969.1	14,406.7	14,172.7	16,469.4	17,386.4	17,921.4
Commitments to other depository institutions	3,686.9	4,396.4	4,352.3	6,001.9	6,525.0	6,949.8
Commitments to other sectors	868.5	873.7	859.8	1,446.4	893.5	951.4
Deposits and securities other than stocks excluded from the monetary base	**42.1**	**43.1**	**51.5**	**51.9**	**56.9**	**61.3**
Stocks and other equity securities	**4,668.4**	**5,181.5**	**5,425.5**	**5,968.7**	**6,902.3**	**6,483.3**
Other items (net)	**325.8**	**421.3**	**-40.3**	**589.3**	**79.6**	**-65.7**
TOTAL LIABILITIES	**23,560.7**	**25,322.6**	**24,821.6**	**30,527.6**	**31,843.6**	**32,301.5**

Source: BCEAO

Table A.2 - WAMU: Other Depository Corporations Survey *(in billions of CFA francs)*

Items	Mar.-25	June-2025	Sept.-25	Dec.-25	Mar.- 26	June 26
Net external assets	**-1,874.6**	**-2,179.9**	**-2,387.3**	**-2,372.3**	**-2,754.3**	**-2,642.5**
Claims on non-residents	1,198.4	1,218.6	1,114.1	1,389.3	1,196.2	1,377.5
Commitments to non-residents	-3,073.0	-3,398.5	-3,501.5	-3,761.6	-3,950.5	-4,020.0
Claims on the Central Bank	**4,723.6**	**5,851.2**	**5,731.2**	**7,517.2**	**7,793.5**	**8,491.2**
Net claims on central governments	**20,143.6**	**20,681.0**	**21,292.6**	**22,047.7**	**22,490.2**	**23,528.2**
Claims on the private sector	**35,201.5**	**35,151.3**	**36,093.8**	**37,170.5**	**36,790.9**	**37,077.9**
Claims on other financial corporations	1,012.5	1,109.2	1,320.3	1,393.5	1,348.2	1,295.9
Claims on central and local governments	311.9	234.5	204.0	233.2	160.9	172.1
Receivables from public non-financial corporations	2,125.0	2,010.2	2,081.4	1,874.0	1,630.5	1,703.7
Claims on the private sector	31,752.1	31,797.3	32,488.2	33,669.8	33,651.3	33,906.2
ASSETS	**58,194.0**	**59,503.5**	**60,730.2**	**64,363.1**	**64,320.3**	**66,454.8**
Commitments to the Central Bank	8,395.2	7,923.0	7,875.2	8,183.2	6,995.8	6,731.6
Transferable deposits included in the broad money supply	23,830.0	24,473.5	25,070.1	27,583.4	28,733.4	30,999.0
Other deposits included in the broad money supply	15,523.6	15,892.6	16,296.3	16,700.3	17,121.6	17,430.2
Deposits not included in the broad money supply	2,380.0	2,533.4	2,526.3	2,781.1	2,771.8	3,050.4
Securities other than stocks not included in the broad money supply	0.0	0.0	0.0	0.0	79.4	20.0
Borrowings	1,613.1	1,990.3	1,993.0	2,125.7	1,586.4	1,813.7
Stock and other equity securities	6,925.9	7,092.0	7,255.4	7,714.7	7,743.0	7,651.0
Other items (net)	-473.8	-401.2	-286.0	-725.4	-711.2	-1,241.2
LIABILITIES	**58,194.0**	**59,503.5**	**60,730.2**	**64,363.1**	**64,320.3**	**66,454.8**

Source: BCEAO

Table A.3 - WAMU: Monetary aggregates *(in billions of CFA francs)*

Items	March-25	June-25	Sept.-25	Dec.-25	March-26	June-26
Currency outside banks	12,729.0	13,006.6	12,773.5	14,926.7	15,867.2	16,286.9
Transferable deposits	24,804.0	25,472.4	26,093.7	28,788.0	29,870.0	32,237.7
M1	37,533.1	38,479.0	38,867.2	43,714.7	45,737.2	48,524.6
Other deposits included in the money supply (1)	15,812.9	16,162.2	16,527.2	17,336.8	17,273.3	17,537.6
Money supply (M2)	**53,345.9**	**54,641.2**	**55,394.4**	**61,051.5**	**63,010.5**	**66,062.2**
Net external assets	6,288.8	8,326.3	7,788.9	13,227.5	15,948.4	17,905.8
BCEAO	8,163.4	10,506.2	10,176.3	15,599.8	18,702.7	20,548.3
Banks	-1,874.6	-2,179.9	-2,387.3	-2,372.3	-2,754.3	-2,642.5
Internal claims	62,338.8	62,570.4	64,076.2	65,786.5	65,392.2	65,593.3
Net claims on central governments	26,408.2	26,690.9	27,244.8	27,894.5	27,880.9	27,785.2
Claims on the private sector	35,930.6	35,879.5	36,831.4	37,892.1	37,511.3	37,808.1
Non-monetary liabilities (2)	15,629.5	16,840.2	17,251.8	18,642.2	19,139.7	19,079.8
Other net items (3)	-347.8	-584.6	-781.1	-679.7	-809.6	-1,643.0
Total M2 counterparts (4)	**53,345.9**	**54,641.2**	**55,394.4**	**61,051.5**	**63,010.5**	**66,062.2**

(1) Term deposits and special savings accounts held at banks, and interest-bearing deposits held on the books of the Central Bank.

(2) Consisting of stocks and other equity in deposit-taking institutions and their non-monetary commitments to other sectors.

(3) Consisting of consolidation adjustments and the net balance of unclassified assets, including miscellaneous items and non-financial assets

(4) Total counterparts = Net external assets + Internal claims - Non-monetary liabilities - Other net items.

Source: BCEAO

Table A.4 - WAMU: Net claims on central governments *(in billions of CFA francs)*

Items	March-25	June-25	Sept.-25	Dec.-25	March-26	June-26
BCEAO net claims	**6,264.6**	**6,009.9**	**5,952.2**	**5,846.8**	**5,390.7**	**4,257.0**
Claims	**8,167.1**	**8,327.4**	**7,957.8**	**8,111.4**	**7,925.4**	**7,750.7**
Loans	6,542.6	6,906.3	6,908.7	7,164.5	7,251.0	7,510.2
Loans backed by SDRs	1,312.5	1,312.4	1,312.4	1,312.3	1,312.3	1,312.2
Consolidated loans	218.0	215.7	215.7	213.4	213.4	211.1
IMF loans	4,769.8	5,140.9	5,143.8	5,406.5	5,493.5	5,759.1
Other loans (financial receivables) (1)	242.3	237.3	236.8	232.3	231.8	227.8
Treasury securities portfolio	18.0	13.9	15.5	17.5	12.5	14.0
Other claims (2)	1,902.4	2,317.5	2,005.6	2,264.6	2,534.7	3,493.7
Commitments	**33.5**	**33.5**	**33.5**	**33.5**	**33.5**	**33.5**
Treasury cash	**1,742.5**	**2,234.8**	**1,895.5**	**2,123.7**	**2,478.1**	**3,411.7**
Deposits	126.4	49.1	76.6	107.4	23.1	48.5
Other commitments (3)	20,143.6	20,681.0	21,292.6	22,047.7	22,490.2	23,528.2
Net claims by banks	**25,688.3**	**26,687.4**	**27,333.1**	**28,059.8**	**28,765.0**	**29,784.9**
Claims	**4,635.1**	**4,560.8**	**4,346.7**	**4,408.7**	**4,272.7**	**4,069.3**
Loans	21,053.2	22,126.6	22,986.4	23,651.1	24,492.4	25,704.9
Treasury securities portfolio	5,544.7	6,006.4	6,040.5	6,012.1	6,274.8	6,256.8
Commitments	**5,448.0**	**5,883.9**	**5,918.1**	**5,896.8**	**6,157.8**	**6,141.9**
TOTAL NET CLAIMS ON CGs	**26,408.2**	**26,690.9**	**27,244.8**	**27,894.5**	**27,880.9**	**27,785.2**

(1) Claims on negative external positions and other financial receivables due from governments

(2) Expenditure on behalf of governments to be recovered, taxes to be recovered, and miscellaneous claims on governments.

(3) Taxes collected, transfer fees, and other amounts collected on behalf of governments.

Source: BCEAO

Tables A.5 - Breakdown of inflation in WAEMU

Table A.5-1: Trends in prices by geographic origin

	Components	Weight (in %)	Q2-2025	Q3-2025	Q4-2025	Q1-2026	Q2-2026
Annual change (%)	Local	70	0.9	-0.8	0.0	0.2	0.6
	Imported	30	-1.6	-3.0	-2.8	-1.4	-0.2
Contributions (in % points)	Local	70	0.6	-0.6	0.0	0.2	0.5
	Imported	30	-0.4	-0.8	-0.8	-0.4	-0.1
	Total	**100**	**0.2**	**-1.4**	**-0.8**	**-0.2**	**0.4**

Sources: National statistics institutes, BCEAO

Table A.5-2: Trends in prices for goods and services

	Components	Weight (in %)	Q2-2025	Q3-2025	Q4-2025	Q1-2026	Q2-2026
Change (%)	Goods	70.7	1.4	-1.2	-1.0	-1.0	0.1
	Services	29.3	-2.1	-1.7	-0.3	1.3	1.0
Contributions (in % points)	Goods	70.7	0.9	-0.8	-0.7	-0.6	0.1
	Services	29.3	-0.7	-0.6	-0.1	0.4	0.3
	Total	**100**	**0.2**	**-1.4**	**-0.8**	**-0.2**	**0.4**

Sources: National statistics institutes, BCEAO

Table A.6: Differences between forecast and actual inflation rates in WAEMU

	Q1-2025	**Q2-2025**	**Q3-2025**	**Q4-2025**	**Q1-2026**	**Q2-2026**
Forecast date	**January 2025**	**April 2025**	**July 2025**	**October 2025**	**January 2026**	**April 2026**
Actual, as a % (A)	2.0	0.2	-1.4	-0.8	-0.2	0.4
Forecast, as a % (B)	2.6	2.6	0.7	-0.4	0.2	1.4
Difference in % points (A-B)	-0.6	-2.4	-2.1	-0.4	-0.4	-1.0

Sources: National statistics institutes, BCEAO