BCEAO

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

Report on Monetary Policy in the West African Monetary Union

June 2020

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REPORT ON MONETARY POLICY IN THE WEST AFRICAN MONETARY UNION

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LIST OF ACRONYMS AND ABBREVIATIONS

Afristat:	Economic and Statistical Observatory for Sub-Saharan Africa
BCEAO:	Central Bank of West African States
BEAC:	Bank of Central African States
BoE:	Bank of England
BoG:	Bank of Ghana
Bps:	Basis points
BRVM:	Regional Stock Exchange
CBN:	Central Bank of Nigeria
CEMAC:	Economic and Monetary Community of Central Africa
CIF:	Cost, insurance, freight
CILSS:	Permanent Interstate Committee for Drought Control in the Sahel
CPI:	Consumption Price Index
ECB:	European Central Bank
ECOWAS:	Economic Community of West African States
FAO:	United Nations Food and Agriculture Organization
FED:	Federal Reserve System
FOB:	Free on Board
GDP:	Gross Domestic Product
HICP:	Harmonized Index of Consumer Prices
IMF:	International Monetary Fund
NSIs:	National Statistics Institutes
INSEE:	National Institute of Statistical and Economic Studies
IPI:	Industrial Production Index
LBUBC:	Large Businesses Using Bank Credit
MPC:	Monetary Policy Committee
NEAs:	Net external assets
NYMEX:	New York Mercantile Exchange
OECD:	Organisation for Economic Cooperation and Development
OPEC:	Organization of the Petroleum Exporting Countries
PBoC:	People's Bank of China
Pps:	Percentage points
RBI:	Reserve Bank of India
REER:	Real effective exchange rate
SA-WDC:	Seasonally Adjusted - Working Day Corrected
SDRs:	Special Drawing Rights

TI:	Turnover Index
WAEMU:	West African Economic and Monetary Union
WAMA:	West African Monetary Agency
WAMU:	West African Monetary Union
WEO:	World Economic Outlook
WTI:	West Texas Intermediate

PRESS RELEASE

Meeting of the BCEAO Monetary Policy Committee

1. The Monetary Policy Committee (MPC) of the Central Bank of West African States (BCEAO) held its fourth ordinary meeting of financial year 2020 by videoconference on Monday, June 22, 2020, under the chairmanship of Mr. Tiémoko Meyliet Koné, Governor of the Central Bank and statutory chairman of the Committee.

2. The Committee reviewed the main trends unfolding recently in the international and regional economies and assessed the risk factors that could affect the medium-term outlook in terms of inflation and economic growth in the Union.

3. As for the international environment, the Committee took note of the rapid spread of the coronavirus disease (COVID-19) worldwide and the scale of the initiatives taken to contain it. Economic activity has been hard hit by disruptions in production, distribution, and marketing chains, as well as rising uncertainty around the future outlook. According to the International Monetary Fund, the growth rate of the global economy was expected to stand at -3.0% in 2020, compared to 2.9% in 2019. This severe recession shows the impact of the COVID-19 pandemic on the world economy.

4. Commodity prices on international markets, with the exception of gold, fell sharply in the early months of 2020, due to the COVID-19 health crisis. Measures implemented by governments around the world to curb the spread of the disease, including border closures and lockdown, significantly disrupted international production chains, leading to a drop in demand for raw materials. Energy prices fell by 18.4% in the first quarter of 2020, following a 1.7% increase in the previous quarter. Non-energy commodity prices also fell by 0.7% in the first quarter of 2020, following a 1.9% increase in the previous quarter.

5. With regard to the domestic situation, the Committee reported a significant slowdown in economic activity. The Union's GDP was up by 3.3%, year on year, in the first quarter of 2020, after an increase of 6.5% in the previous quarter. The economic slowdown was mainly driven by the tertiary sector, whose contribution to growth was halved compared to the previous quarter, reflecting the initial impacts of the spread of the pandemic, particularly in the tourism, hotel, transportation, and trade sectors. For financial year 2020 as a whole, Central Bank forecasts expect the economic growth rate in the Union to reach 2.6%, compared with an initial forecast of 6.6%.

6. In the first quarter of 2020, the execution of national budgets by the WAEMU Member States was strongly impacted by the COVID-19 pandemic. In that context, governments introduced response plans that entailed a reduction in budget revenues and increased spending, leading to the deepening of the budget deficit. On a commitment basis, including grants, the budget deficit stood at 922.1 billion or 4.5% of the GDP at the end of March

2020, against 222.5 billion or 1.1% of the GDP one year prior.

7. The monetary situation in the Union was marked, in the first quarter of 2020, by a slight increase in the rate of growth in the money supply, on an annual basis, due to an upswing in net external assets and an increase in domestic claims. The Union's foreign exchange reserves also grew on an annual basis, covering 6.3 months of imports of goods and services as at the end of March 2020.

8. The average interest rate for weekly liquidity injection tenders over the quarter followed a clear downward trend, ringing in at 2.69% compared to 2.98% the previous quarter. Since the month of April 2020, it has stood at 2.50%, in conjunction with liquidity injections at a fixed rate of 2.20% launched by Central Bank to combat the negative effects of the health crisis.

9. Addressing the inflation situation in the Union, the Committee noted that the overall level of consumer prices increased in the first quarter of 2020. The inflation rate stood at 1.2%, following a level of -0.6% in the previous quarter. This situation was linked to the recovery in food product prices. Looking ahead eight quarters, the inflation rate is expected to stand at 2.2%, year over year, in line with the Central Bank's price stability objective.

10. Noting that the recovery plans introduced by the Union's governments and the gradual relaxation of mobility restrictions should relaunch the production system, the MPC decided to further boost its momentum by lowering the policy rates of the Central Bank by 50 basis points. The minimum bid rate on liquidity injection tender operations was therefore lowered from 2.50% to 2.00%, and the interest rate for the marginal lending window was reduced from 4.50% to 4.00%. This decision entered into force on June 24, 2020.

11. The Monetary Policy Committee further noted that the situation with regard to the banks' maintenance of required reserves remained comfortable. On that basis, the Committee decided to keep the reserve requirement ratio for the Union's banks unchanged, at 3.0%.

Done in Dakar on December 2, 2020

The President of the Monetary Policy Committee

Tiémoko Meyliet Koné

SUMMARY

1. The first quarter of 2020 was marked by the rapid spread of the coronavirus disease (COVID-19) worldwide and the proliferation of initiatives, mainly implemented by governments, to overcome this crisis. Mobility restriction measures (border closures, lockdown) implemented to curb the spread of the coronavirus have resulted in a sharp decline in production and a fall in global demand, as well as increased uncertainties around the macroeconomic outlook.

2. In response to the adverse effects of this global health crisis, governments have adopted measures to shore up national economies. Central banks worldwide have taken decisive measures to limit the scope of the negative impact of the COVID-19 pandemic on economic activity and to preserve financial stability.

3. On the international commodity markets, there has been a marked decline in prices overall in the quarter under review, in connection with falling demand and increased uncertainty resulting from the global health crisis.

4. Inflation rates declined during the quarter in both advanced and major emerging economies.

5. On the foreign exchange market, the euro experienced contrasting trends vis-à-vis the major currencies during the first quarter of 2020. While the European currency depreciated against the Swiss franc (-2.7%), the US dollar (-0.4%) and the Japanese yen (-0.2%), it appreciated against the British pound (+0.2%).

6. According to the World Economic Outlook (WEO), published in April 2020 by the IMF, the global economy is expected to experience a serious recession in 2020, with output declining by 3.0%, after a 2.9% increase in 2019. Growth is expected to recover in 2021, reaching a rate of 5.8%, supported by demand-stimulating policies implemented by governments and central banks.

7. In WAEMU, economic activity during the quarter was impacted by the spread of COVID-19 in the Union's countries and the anti-pandemic restrictions introduced by the States, which led to a weakening of domestic demand, as well as by the slowdown in the global economy. GDP growth in the Union slowed markedly, with a year-on-year growth rate of 3.3%, from 6.5% in the previous quarter.

8. In response to the COVID-19 health crisis, the WAEMU authorities adopted a series of measures aimed at curbing the spread of the disease and limiting its adverse effects on the economy. Within this framework, the Union's Member States adopted emergency measures using their fiscal policy instruments to limit the spread of the pandemic, assist households and businesses and stimulate demand. For its part, the BCEAO introduced a package of measures to provide more liquidity to banks, support businesses and households facing income loss, and promote continued lending.

9. The year on year inflation rate in the WAEMU Union stood at 1.2% in the first quarter of 2020, after -0.6% a quarter earlier. The upswing in the general price level was mainly due to rising food prices, in connection with low market supply, combined with higher solid fuel prices. The core inflation rate stood at 1.0% year on year after 0.1% a quarter earlier.

10. The public finance situation in the Member States of the Union during the first three months of 2020 was marked by a decrease in revenue collection, as a result of lower economic activity due to the pandemic and tax relief introduced to counter its impact. However, reduced expenditure was also noted as a result of the postponement of certain investments. The overall deficit, on a commitment basis, including grants, stood at 922.1 billion or 4.5% of the GDP, as against 222.5 billion or 1.1% of the GDP for the same period in 2019.

11. *In the first quarter of 2020, the Union's foreign trade resulted in a trade deficit of 60.4 billion or 0.3% of the GDP, decreasing by 345.3 billion as compared to the same period in 2019, due to a year-on-year increase in exports (+4.3%), mainly due to the rising price of gold, combined with a decline in imports (-2.9%), which was driven by the drop in the price of petroleum products.*

12. *On the monetary front, growth in the Union's money supply, on an annual basis, was higher at the end of March 2020 (+11.4% after 10.4% at the end of December 2019), in conjunction with the consolidation of net external assets (+22.7%), combined with growth in domestic claims (+9.2%). Claims on the economy increased by 6.5%, year on year, at the end of March 2020. The Union's foreign exchange reserves fell by 104.2 billion in the first quarter of 2020 to stand at 10,252.7 billion. This level provided coverage for 6.3 months of imports of goods and services at the end of March 2020, as compared to 6.2 months at the end of December 2019. Foreign exchange reserves at the end of March 2020 corresponded to a monetary issue coverage rate of 79.3% against 81.4% a quarter earlier.*

13. *On the money market, the weighted average interest rate of liquidity injection operations on the one-week window stood at 2.90% compared to 3.38% in the previous quarter. On the one-month window, it stood at 3.35%, from 4.02% in the previous quarter. The average quarterly rate on weekly tenders also followed a downward trend, standing at 2.69% against 2.98%. Since March 30, 2020, auctions on the BCEAO's two open-market windows have been conducted at a fixed rate of 2.5% as part of the measures taken to address the COVID-19 crisis. On the one-week maturity of the interbank market, the weighted average interest rate eased slightly to 4.11%, after 4.36% in the previous quarter.*

14. *On the government securities market, the average interest rate on Treasury bills issued by the Union's Member States, all maturities combined, fell by 62 basis points to 4.46% in the first quarter of 2020, compared to 5.08% one quarter earlier.*

15. *On the other hand, banks' lending conditions tightened, with the average cost of bank loans standing at 6.70%, compared to 6.58% in the previous quarter.*

16. *Recent forecasts by the Central Bank of trends in the Union's economic accounts point to GDP growth of 2.6% in 2020, compared to the initially expected level of 6.6%, due to the economic repercussions of the COVID-19 pandemic.*

17. *The year-on-year inflation rate is projected at 1.6%, year over year, in the second quarter of 2020. Looking ahead eight quarters, it is expected to reach 2.2%.*

I - GLOBAL ECONOMIC ENVIRONMENT

1.1 - Economic Activity

1. The first quarter of 2020 was marked by the rapid spread of the Coronavirus disease, or COVID-19, worldwide and the growing number of measures introduced to contain it, particularly by governments. Mobility restriction measures (border closures, lockdown) implemented to curb the spread of the Coronavirus have culminated in a sharp decline in the use of production capacity and a fall in global demand. This situation has led to sudden and significant weakening of global economic activity, with increased uncertainty about future prospects. In particular, the transportation and service sectors (tourism and restaurants) were the hardest hit, as their activities came to an almost complete stop.

Table 1 - Trends in real GDP growth (%)

	2017	2018	2019	2018				2019				2020
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Advanced countries	*(over one year)*			*(year over year)*								
United States	2.4	2.9	2.3	2.9	3.2	3.1	2.5	2.7	2.3	2.1	2.3	0.3
Eurozone	2.7	1.9	1.2	2.6	2.2	1.6	1.2	1.4	1.2	1.3	1.0	-3.8
Germany	2.8	1.5	0.5	2.3	2.1	1.1	0.6	1.0	0.3	0.6	0.4	-2.2
France	2.4	1.7	1.3	2.4	1.9	1.5	1.2	1.3	1.5	1.5	0.9	-5.3
United Kingdom	1.9	1.3	1.4	1.1	1.3	1.6	1.4	2.0	1.3	1.2	1.1	-2.0
Emerging countries												
China	6.8	6.6	6.1	6.9	6.9	6.7	6.5	6.4	6.2	6.0	6.0	-6.8
India	6.7	6.8	5.3	7.7	7.1	6.2	5.6	5.8	5.6	5.1	4.7	3.1
Brazil	1.3	1.2	1.2	1.5	1.1	1.5	1.2	0.6	1.1	1.2	1.7	-0.3
Russia	1.5	2.3	1.1	1.9	2.2	2.2	2.7	0.4	1.1	1.5	2.1	1.6
South Africa	1.4	0.8	0.1	0.7	0.1	1.3	1.1	0.0	0.9	0.1	-0.5	N/A
Neighboring countries												
Ghana	8.2	6.3	6.3	5.4	5.4	7.4	6.8	6.7	5.7	5.6	6.7	N/A
Nigeria	0.8	1.9	2.3	1.9	1.5	1.8	2.4	2.1	2.1	2.3	2.5	1.9

Sources: OECD, Eurostat, IMF, Tradingeconomics N/A: not available

2. In the Eurozone, one of the major foci of the COVID-19 pandemic, the GDP contracted by an annual rate of 3.8% in the first quarter of 2020, following a 1.0% increase in the fourth quarter of 2019. This decline in production was mainly ascribable to poor performances in France (-5.3%), Italy (-5.3%), and Spain (-5.2%).

3. In the United States, economic activity slowed down markedly in the first quarter of 2020, with year-on-year GDP growth of 0.3%, after 2.3% in the previous quarter.

4. In emerging economies, estimates pointed to a sharp decline in production in the first quarter of 2020. In China, the country where the initial outbreak of the Coronavirus disease occurred, the GDP fell by 6.8%, year on year, after a 6.0% increase in the previous quarter. In India, Brazil, Russia, and Turkey, growth was expected to be affected in the first quarter of 2020 by the domestic impact of the COVID-19 pandemic as well as by external factors such as lower global demand and sharp declines in oil prices.

5. In Nigeria, the main trading partner of WAEMU Member States in the West Africa subregion, GDP growth was affected by the negative impact of the pandemic and the slump in global oil prices.

6. The World Economic Outlook (WEO) published by the IMF in April 2020, underwent a significant revision from the January 2020 WEO, reflecting the macroeconomic repercussions of the COVID-19 pandemic. According to the publication, global economic activity will experience a sharp recession in 2020, with an overall decline in production of 3.0% (-6.3 percentage points (pps) from the January 2020 projections), following a 2.9% increase in 2019. However, a partial recovery is expected in 2021, with growth of 5.8% (+2.4 pps compared to the January 2020 projections), supported by demand-stimulating policies implemented by governments and central banks.

7. In emerging and developing economies, growth in production is projected at -1.0% in 2020 (-5.4 pps from the January 2020 projections). However, it is forecast at 6.6% in 2021, up 2.0 pps from the January 2020 WEO. In particular, in China, a marked slowdown in GDP growth is expected in 2020, reaching 1.2% (-4.8 pps), before recovering strongly in 2021 to reach 9.2% (+3.4 pps).

8. In sub-Saharan Africa, growth is also expected to slacken in 2020 to -1.6% (-5.1 pps compared to the January 2020 WEO) before rising in 2021 to 3.5% (+0.6 pp). In Nigeria, growth is expected to be negative in 2020 at -3.4% (-5.9 pps) before strengthening in 2021 to +2.4% (-0.1 pp). In South Africa, economic growth is expected to drop to -5.8% in 2020 (-6.6 pps) before reaching 4.0% in 2021 (+3.0 pps).

9. There is a high level of uncertainty around the outlook in terms of how long the pandemic will last, its intensity, as well as the impact of the crisis on financial and commodity markets. The situation could worsen significantly if the pandemic is not contained in time or if containment measures are not implemented in a timely manner.

10. In order to ward off the risks of a deepening of the crisis, the IMF recommends that countries implement two types of measures: containment and stabilization measures on the one hand, and measures to stimulate demand on the other hand.

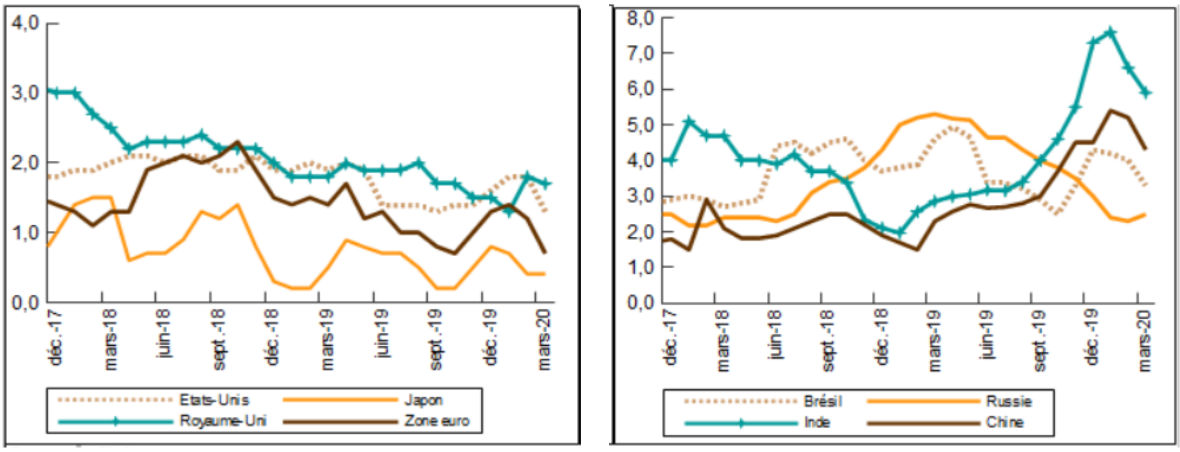
11. With regard to the first type of measures, public health policy and economic policy are crucial. Quarantine, lockdown, and social distancing are all essential measures to slow down the spread of the virus and give the health system time to address the increased demand for care pending the development of specific therapies and a vaccine. In this context, increased health spending is essential to ensure that health care systems have the necessary intake capacity and resources. Such decisions can help avert an even more severe and prolonged slump in the economy, while laying the foundations for economic recovery.

12. As for the second type of measures, the IMF says that leaders will need to ensure that the population can meet its needs and that businesses are able to resume operations in a timely manner. This will require targeted and comprehensive fiscal, monetary, and financial measures to maintain the economic links between workers and firms and between lenders and borrowers so as to preserve the economic and financial infrastructure. Several emerging and developing economies, which are affected by simultaneous health, economic, and financial crises, need help from advanced countries, which are their bilateral creditors, and from international financial institutions. In this respect, financial assistance to the most vulnerable emerging and developing economies will need to be stepped up. In particular, debt moratoriums or restructuring are necessary. Furthermore, multilateral cooperation between different countries is key to reinforcing health care systems and ensuring access for all to therapies and vaccines when they become available. Finally, countries should consider preventive measures to avoid a recurrence of a pandemic of this kind, with a view to enhancing the resilience of both public health and economic systems.

1.2 - Inflation

13. During the first quarter of 2020, inflationary pressures eased globally in both advanced economies and major emerging economies, in keeping with weaker demand due to the COVID-19 pandemic.

Graph 1 - Trends in inflation rates in advanced and emerging countries *(%)*



Source: IMF

14. In the Eurozone, the year-on-year inflation rate fell to 0.7% at the end of March 2020 from 1.3% three months earlier. In the United States, on the other hand, inflation, as measured by the personal consumption expenditure index, increased slightly to 1.7% at the end of March 2020 from 1.6% three months earlier. In the United Kingdom, the inflation rate rose from 1.3% to 1.5% between December 2019 and March 2020.

15. In the major emerging economies, inflation followed a downward trend during the reporting period. In China, prices rose by 4.3% year on year, compared to 4.5% three months earlier. Similarly, in India, Russia, and Brazil, the inflation rate year on year dropped to 5.9%, 2.5%, and 3.3%, respectively, in March 2020, from 7.3%, 3.0%, and 4.3% in December 2019.

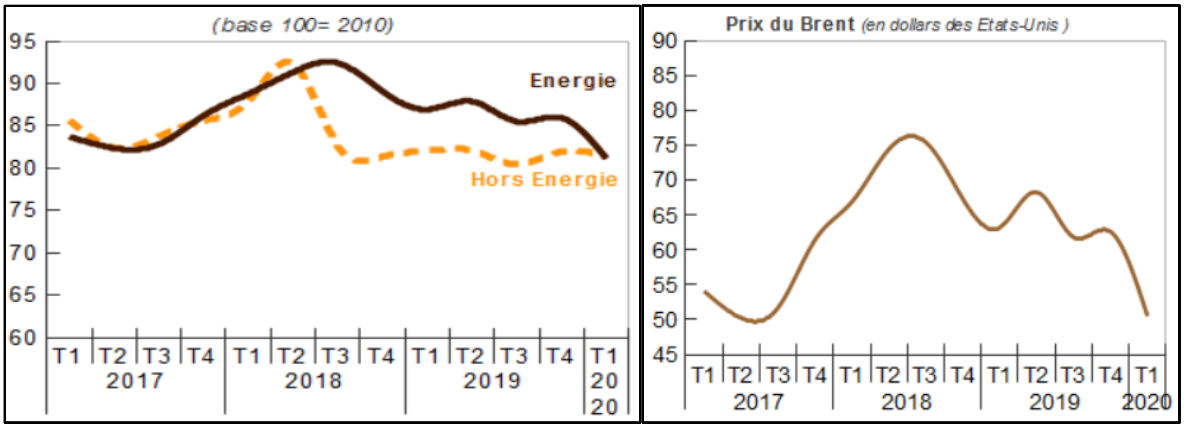
16. In the Union's trading partner countries in the West African subregion, inflationary pressures remain. In Nigeria, inflation rate rose to 12.3%, year over year, in March 2020, compared to 12.0% three months earlier. In Ghana, on the other hand, inflation remained virtually steady at 7.8%, after 7.9% at the end of December 2019.

17. According to the IMF's latest World Economic Outlook, inflation in advanced economies was expected to ease in 2020-2021 to an annual average of 0.5% (-1.2 pp from the January 2020 projection) and 1.5% (-0.4 pp from the January 2020 projection), successively, following 1.4% in 2019. In emerging economies and developing countries, inflation, on an annual average, is projected to decline slightly to 4.6% in 2020 and 4.5% in 2021 (unchanged from the January 2020 projections), after reaching 5.1% in 2019.

1.3 - Commodity prices

18. Commodity prices have decreased sharply during the first quarter of 2020, in connection with the COVID-19 health crisis. Measures taken by States to contain the disease (border closures, reduced working hours, lockdown, etc.), have strongly disrupted international production chains, leading overall to lower demand for commodities.

Graph 2 - Trends in commodity price indexes



Sources: World Bank, Bloomberg

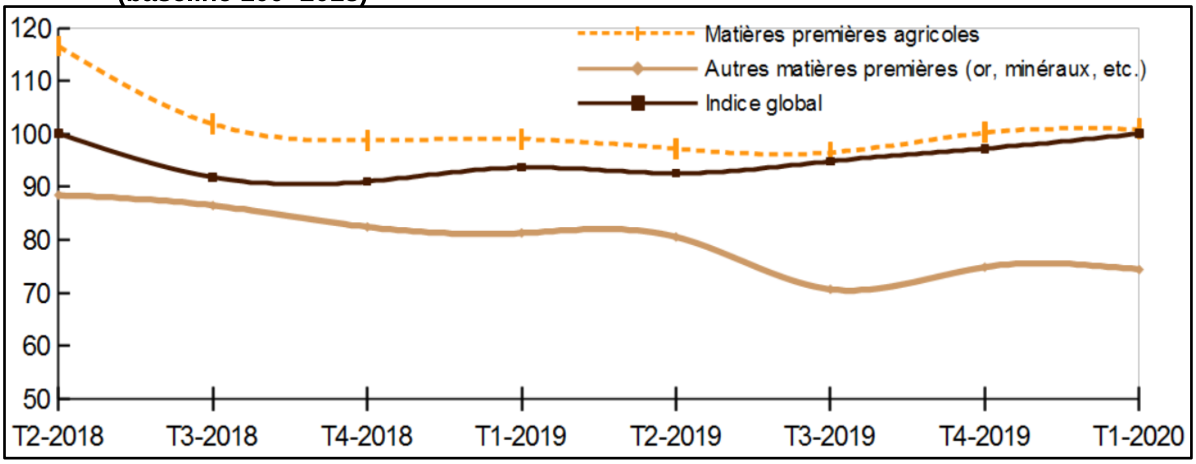
19. According to World Bank data, energy prices fell by 18.4% on a quarterly basis in the first quarter of 2020, after rising by 1.7% in the previous quarter. This trend was mainly linked to declining crude oil prices (-18.7%) and gas prices (-20.6%). More specifically, Brent and WTI prices decreased, on average, by 19.4% and 19.3% respectively, quarter over quarter.

20. The fall in oil prices can be explained by lower demand coupled with oversupply, reflecting strategies to maintain market share pursued by the three largest producers in the world, namely the United States, Russia, and Saudi Arabia.

21. Non-energy commodity prices also fell by 0.7% in the first quarter of 2020, following a 1.9% rise in the previous quarter. This development was due to lower prices for fertilizers (-4.5%) and metals and minerals (-5.9%), although they were partially offset by higher agricultural commodity prices (+1.2%), particularly food products (+1.5%) over the period. Precious metal prices continued their upward trend, increasing by 5.4% in the quarter, after 0.7% in the previous quarter.

22. The price index for non-energy commodity exported by the Union's countries rose by 2.9% overall in the first quarter of 2020, following a 2.5% increase in the previous quarter. The most significant increases were for palm kernel oil (+6.9%), gold (+6.8%), palm oil (+5.0%) and cocoa (+3.4%). This trend was offset by the decline in prices for cashew nuts (-15.0%), Robusta coffee (-4.1%) and cotton (-0.7%).

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



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

23. Palm kernel and palm oil prices increased due to lower supply. In fact, with suspension of operations at some of its plantations, Malaysia's exports fell sharply during the quarter.

Table 2 - Prices of commodities exported by WAEMU countries

	Average price Q1-2020				Quarterly change		Year on year	
	Unit	In foreign currencies	Unit	In CFA francs	Price in foreign currencies	Price in CFA F	Price in foreign currencies	Price in CFA F
Crude oil (NYMEX)	$/barrel	46.3	Ton	196 890.7	-18.9	-18.5	-16.2	-13.6
Robusta coffee (OIC)	cents/lb.	66.9	kg	877.5	-4.1	-3.6	-13.2	-10.6
Cocoa (OICC)	cents/lb.	115.8	kg	1 519.7	3.4	3.9	13.9	17.4
Cotton (NY #2)	cents/lb.	65.4	kg	858.8	-0.7	-0.3	-12.2	-9.5
Palm oil	$/metric ton	727.9	kg	433.2	6.9	7.4	36.7	40.8
Palm kernel oil	$/metric ton	820.9	kg	488.4	5.0	5.5	16.3	19.9
Rubber	eurocents/kg	131.4	kg	862.1	-0.5	-0.5	-0.2	-0.2
Cashew nut	$/metric ton	771.0	kg	458.9	-15.0	-14.6	-41.5	-39.7
Gold	$/ounce	1 583.1	gram	33 241.1	6.8	7.3	21.4	25.1

Sources: National marketing services, BCEAO calculations

24. Coronavirus-related concerns have led to a rise in the price of gold which, in times of uncertainty, is used as a safe haven investment. Indeed, with the rising number of contamination cases, investors, concerned about the continuation of the recovery of global growth, have increased their demand for gold.

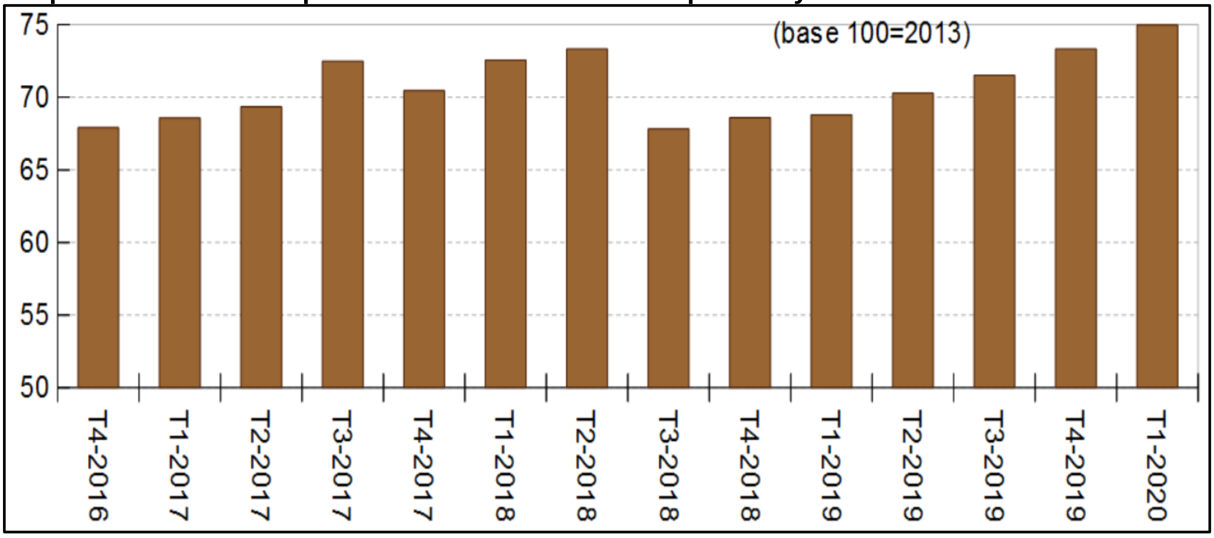
25. In the cocoa market, prices went up due to dry weather in Côte d'Ivoire, which had adverse effects on mid-crop yields. Cashew nut prices continued to be affected by a slump in demand, particularly from India, Vietnam, and China, amidst abundant production. Coffee prices headed downwards following forecasts of a good harvest in Brazil. The decline in cotton prices reflected uncertainties in global demand due to further spread of the Coronavirus.

26. On an annual basis, international prices for cashew nuts (-41.5%), oil (-16.2%), Robusta coffee (-13.2%), cotton (-12.2%) and rubber (-0.5%) declined. In contrast, palm oil (+36.7%), gold (+21.4%), palm kernel oil (+16.3%) and cocoa (+13.9%) prices strengthened.

27. Valued in CFA francs, the prices of commodities exported by the Union's countries globally followed the same trend as those expressed in foreign currencies.

28. The price index for the main food products imported by WAEMU countries rose by 2.3% in the first quarter of 2020, following a 2.5% increase in the previous quarter. This trend was driven by price increases for rice (+10.3%), wheat (+5.3%) and sugar (+1.6%). It was moderated by lower prices for soybean oil (-3.9%) and corn (-1.6%).

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



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

29. World rice prices rose amidst concerns over the impact of drought on production in major exporting countries and the decision by Vietnam, the third largest exporter after India and Thailand, to ban exports in order to preserve its stocks in the context of COVID-19. Wheat prices were affected by rising purchases by several countries and the announcement of the possibility of implementing export quotas in Russia until June 30, 2020, due to high domestic prices. The increase in sugar prices was mainly due to an expected production decrease in India, the world's second largest producer. Prolonged drought in Thailand and strong global import demand, particularly in Indonesia, the world's largest importer of sugar, also contributed to the price increase.

30. Soybean oil prices fell due to concerns over the spread of the Coronavirus which affected demand, as well as reports of improved weather in South America. Higher than expected stocks in the U.S. heightened the trend. Corn prices also declined, as a result of the expected lower demand from the feed sector.

31. Year on year, the price index of the main food products imported by WAEMU countries rose by 9.0% in the first quarter of 2020, after a 6.9% increase in the previous quarter. This trend was driven by rising prices for rice (+27.5%), wheat (+12.2%), soybean oil (+2.2%) and sugar (+1.8%).

1.4 - International monetary and financial conditions

1.4.1 - Central banks' actions

32. In the first quarter of 2020, the central banks took decisive action to limit the risks to the achievement of their objectives due to the negative repercussions of the COVID-19 pandemic. Accordingly, the central banks' decisions generally involved lower policy rates as well as the intensification or reactivation of asset purchase transactions, to avoid liquidity shortages and

disruptions of credit supply.

33. **In the United States**, in order to limit the deterioration of macroeconomic conditions due to the COVID-19 pandemic, in particular full employment and price stability, the Federal Reserve (FED) took a series of measures, from the beginning of March 2020. It lowered the federal fund target range twice, to 0.00%-0.25%. The first reduction by 50 basis points (bps) occurred on March 3 and the second, by 100 bps, on March 15, 2020. Its next decision was to increase its asset purchases by at least US$700 billion, including US$500 billion in Treasury bills and US$200 billion in mortgage-backed securities. On March 23, 2020, the FED established a new program supporting the flow of credit to businesses and consumers, in the amount of $300 billion. At the same time, it announced the establishment of a temporary repo facility for foreign and international monetary authorities – the FIMA Repo Facility – to support the smooth operation of financial markets, including the U.S. Treasury securities market, and thus maintain the flow of credit to U.S. households and businesses. It encouraged retail banks and credit unions to make cheap loans to modest-income consumers, SMEs and farmers affected by COVID-19.

34. **In the Eurozone**, while keeping its policy rates unchanged, the ECB launched new asset purchase programs, starting in mid-March 2020, to limit the adverse impacts of the pandemic on the area's economy. On March 12, 2020, it decided to increase its asset purchases by €120 billion to support bank lending to the businesses most affected by the COVID-19 pandemic, particularly small and medium-sized enterprises. In addition, on March 18, 2020, it launched a new asset purchase program – the Pandemic Emergency Purchase Programme (PEPP) – in the amount of €750 billion to counter the serious risks to monetary policy transmission and the outlook for the Eurozone posed by the rapid spread of the coronavirus pandemic. The ECB also committed to purchase commercial papers of satisfactory credit quality and to expand the collateral eligible for refinancing operations. It lowered the interest rate on the Targeted Longer-Term Refinancing Operations (TLTRO) III for the period from June 2020 to June 2021 to 50 basis points (bps) below the average rate applied in the Eurosystem's main refinancing operations over the same period. Furthermore, for counterparts whose eligible net lending reached the lending performance threshold, the interest rate over the period from June 2020 to June 2021 will be 50 bps below the average deposit facility interest rate over the same period. In addition, the ECB launched a new series of non-targeted Pandemic Emergency Longer-Term Refinancing Operations (PELTROs) to provide liquidity support to the Eurozone financial system and contribute to preserving the smooth operation of the money markets. They comprise seven additional refinancing operations, scheduled for May 2020, which will mature gradually between July and September 2021, corresponding to the duration of the collateral easing measures. They will be launched via tendering procedures, at a fixed interest rate 25 bps below the average rate of the main refinancing operations over the life of each PELTRO.

35. On March 19, 2020, the **Bank of England (BoE)** lowered its key policy rate by 15 bps, following the 50 bps cut on March 11, 2020, to a record low of 0.10%. In addition, it launched a new asset purchase program (Quantitative Easing) of £200 billion in government bonds and corporate bonds in the United Kingdom. These measures aimed at containing the cost of credit and injecting the liquidity necessary to support proper operation of the economy amid the Coronavirus pandemic. In addition, the BoE announced on April 9, 2020, the direct financing of certain UK government expenditures related to measures to support the economy in the health crisis context. This direct funding will be temporary and will be provided through the "Ways and Means" (W&M) facility on the government's overdraft account with the BoE. This account allows the body in charge of the long-term management of public debt, which organizes weekly issues of government securities on the financial markets and also manages the government's cash flow, to benefit from temporary advances when market conditions do not allow it to obtain all the liquidity requested.

36. In emerging countries, **China's Central Bank** decided in the second half of March 2020 to lower the required reserve ratio for banks, thus freeing up 550 billion yuan (70.6 billion euros) to support the economy. This action follows the extensions and renewals of business loans implemented at the end of February 2020. On April 20, 2020, the Central Bank lowered the prime lending rate by 20 bps to 3.85%. This was the second cut of the year after the February 2020 cut. **In Brazil**, **the Central Bank** lowered its main policy rate by 50 bps on March 18, 2020, following the cuts begun

in 2019, lowering the rate to 3.75%, in order to support the economy. **In Russia, the Central Bank**, after cutting its policy rate by 25 bps on February 7, 2020, due to the continued slowing of inflation, cut it again by 50 bps to 5.50% on April 24, 2020, in an attempt to counter the negative impact of lockdown measures on economic activity. Along the same lines, **the Central Bank of India** lowered its main policy rate by 75 bps to 4.40% on March 27, 2020.

37. In the West Africa subregion, **the Bank of Ghana (BoG)** on March 18, 2020, reduced its main policy rate by 150 bps to 14.5% and lowered the required reserve ratio by 200 bps, to contain the impact of COVID-19 on the country's economy. In contrast, **the Central Bank of Nigeria (CBN)** left the level of its main monetary policy instrument unchanged at 13.50%, the level applied since the 50 bps reduction on March 26, 2019. **In the CEMAC Zone**, on March 27, 2020, the BEAC lowered the interest rate on tenders (*taux d'intérêt des appels d'offre, TIAO*), its main policy rate, by 25 bps to 3.25%, the first change since October 31, 2018. The BEAC's MPC also decided to lower the marginal lending facility rate by 100 bps to 5.00% and increase its liquidity injections from 240 billion to 500 billion. In addition, it expanded the range of private instruments eligible as collateral for monetary policy operations and lowered the haircut levels applicable to public and private securities eligible as collateral for BEAC's refinancing operations.

1.4.2 - Trends in monetary and financial conditions

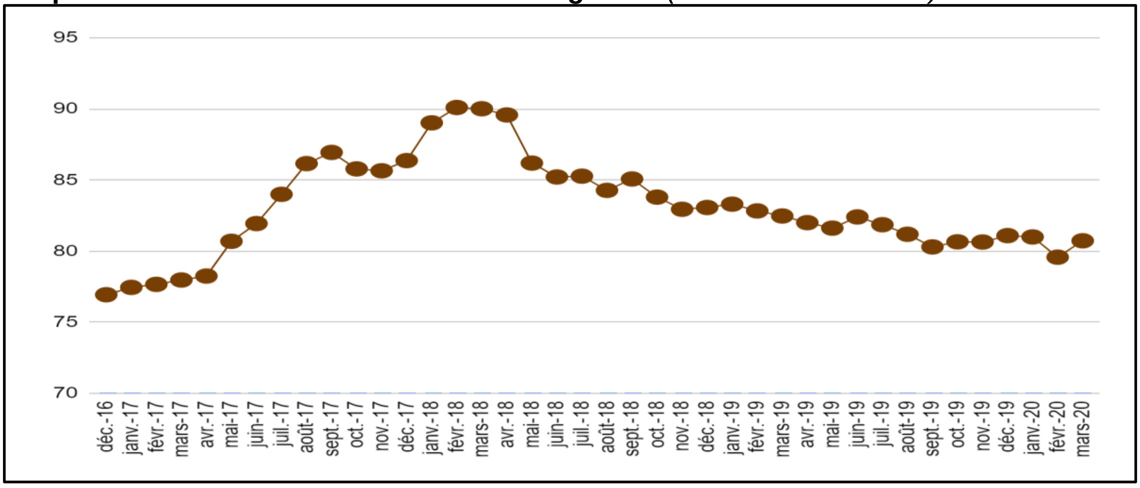
38. On bond markets, government bond yields in major advanced countries experienced diverging trends during the first quarter of 2020. Indeed, rising uncertainty related to the macroeconomic consequences of the COVID-19 pandemic has led to a relative increase in risk aversion. However, the active measures taken by central banks (notably the FED and the ECB) have contributed to easing the pressure on sovereign rates.

39. Sovereign rates on 10-year maturity bonds in the United States fell by 118 basis points (bps) to 0.73% at the end of March 2020. In the Eurozone countries, developments in 10-year government bond yields were mixed: -27 bps to -0.48% in Germany, -7 bps to 0.00% in France, -7 bps to 1.45% in Italy, +20 bps to 0.63% in Spain and +34 bps to 1.80% in Greece.

40. On the money markets, the 3-month Euribor, the main interbank interest rate in Europe, rose slightly, while remaining negative at -0.34% at the end of March 2020, after -0.40% three months earlier.

41. On the foreign exchange market, the euro recorded contrasting developments compared to the other major currencies during the first quarter of 2020. The European currency depreciated against the Swiss franc (-2.7%), the US dollar (-0.4%) and the Japanese yen (-0.2%). In contrast, it appreciated against the pound sterling (+0.2%).

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



Source: Banque de France

42. In West Africa, data from government departments showed that the CFA franc appreciated during

the quarter against the Gambian dalasi, the leone, and the Guinean franc, while it depreciated against the Liberian dollar, the Ghanaian cedi, and the Nigerian naira.

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

	2018		2019				2020	Variation	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Quarterly	Annual
Gambian dalasi	85.9	86.4	85.4	85.5	85.7	85.0	86.3	1.5	1.1
Ghanaian cedi	8.3	8.3	8.7	8.8	8.9	9.1	9.1	-0.4	4.5
Guinea franc	15,960.5	15,719.6	15,738.2	15,636.0	15,575.0	15,699.0	15,759.4	0.4	0.1
Liberian dollar	273.5	273.7	278.4	314.4	346.2	340.3	328.4	-3.5	17.9
Nigerian naira	541.3	532.5	530.2	511.5	519.7	517.2	515.2	-0.4	-2.8
Sierra Leonean leone	14,394.5	14,567.2	14,774.8	15,013.0	15,449.4	16,223.0	16,385.8	1.0	10.9

Source: WAMA

II - TRENDS IN SUPPLY AND DEMAND FACTORS IN WAEMU

2.1 - Supply factors

43. The pace of growth in the WAEMU economy slowed down in the first quarter of 2020, with GDP growing by 3.3%, year on year, after 6.5% a quarter earlier. In connection with the COVID-19 pandemic, the business climate indicator[1] deteriorated in March 2020, reverting to a level close to the one observed more than ten years ago, during the 2008 international financial crisis.

44. The deceleration in economic activity in the Union was mainly driven by the tertiary sector, which contributed 1.8 percentage point (pp), down 1.8 pp from the previous quarter. The contribution of the secondary sector was 0.7 pp, down 0.7 pp from the previous quarter. The primary sector's contribution to growth was 0.8 pp, down 0.2 pp from the fourth quarter of 2019.

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

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Primary sector	1.5	1.5	1.4	1.3	1.0	1.0	1.0	1.0	0.8
Secondary sector	1.5	1.6	1.7	1.6	1.5	1.5	1.5	1.4	0.7
Tertiary sector	3.4	3.3	3.3	3.4	3.5	3.6	3.7	3.6	1.8
GDP	**6.4**	**6.4**	**6.4**	**6.3**	**6.0**	**6.1**	**6.2**	**6.0**	**3.3**

Source: BCEAO

45. Trends in economic activity by country, as shown in the table below, ranged between a minimum of 1.9% in Guinea-Bissau and a maximum of 3.9% in Benin:

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

Table 5 - Trends in real GDP growth rates in WAEMU Member States
(SA-WDC data, year over year, in %)

	2018				2018	2019				2019	2020
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1
Benin	6.3	6.5	6.8	7.1	6.7	6.7	6.9	7.0	6.9	6.9	3.9
Burkina Faso	6.7	7.0	6.9	6.3	6.8	5.9	5.7	5.7	5.7	5.7	2.7
Côte d'Ivoire	6.9	6.8	6.8	6.7	6.8	6.7	6.8	7.0	6.9	6.9	3.8
Guinea-Bissau	3.5	3.2	3.3	3.7	3.4	4.0	4.5	4.7	4.8	4.5	1.9
Mali	4.7	4.6	4.7	5.0	4.7	5.0	5.3	5.2	4.9	5.1	2.8
Niger	6.4	7.1	7.3	7.2	7.0	5.5	5.2	4.9	4.8	5.1	2.6
Senegal	6.8	6.6	6.3	5.9	6.4	5.0	5.3	5.6	5.3	5.3	3.2
Togo	4.6	4.8	5.0	5.2	4.9	5.3	5.4	5.3	5.3	5.3	2.1
WAEMU	**6.4**	**6.4**	**6.4**	**6.3**	**6.4**	**6.0**	**6.1**	**6.2**	**6.0**	**6.1**	**3.3**

Source: BCEAO

2.1.1 - Primary sector

46. In the primary sector, gross value added rose by 3.7%, year on year, during the quarter under review, compared to 4.4% in the previous quarter, mainly due to the slower growth of fish farming and livestock breeding.

47. The 2019/2020 crop year did not perform as well as expected, due to poor rainfall conditions in some production areas.

48. Recent statistics provided by official departments showed virtually stagnant food crop production (+0.02%) in WAEMU during the 2019/2020 season, at 67,007,407 tons. Harvests were up for tubers (+586,591 tons or 2.5%) and other crops (+133,117 tons, or 1.1%). Cereal production was down by 2.3% to 30,389,756 tons.

49. However, compared to the average production over the previous five years, food crop harvests were up by 14.8.

Table 6 - Food crop production in WAEMU

(in metric tons except where otherwise stated, updated – May 2020)

	2017/2018	2018/2019 (1)	2019/2020* (2)	Average over the past five crop years (3)	Change (%)	
					(2)/(1)	(2)/(3)
Cereals	28,475,001	31,098,987	30,389,756	27,425,289	-2.3	10.8
Tubers	22,191,854	23,734,304	24,320,895	21,520,033	2.5	13.0
Other crops	9,668,703	12,163,639	12,296,756	9,415,870	1.1	30.6
Total	**60,335,558**	**66,996,930**	**67,007,407**	**58,361,192**	**0.02**	**14.8**

Sources: National agriculture departments, BCEAO calculations *estimates

50. Production of the main export crops, with the exception of coffee and cashew nuts, increased overall in the 2019/2020 crop year compared to the previous season.

Table 7 - Export crop production in WAEMU

(in metric tons except where otherwise stated, updated – May 2020)						
	2017/2018	2018/2019	2019/2020 *	Average of the five previous crop years(3)	Change (%)	
					(2)/(1)	(2)/(3)
Cocoa	2,045,814	2,125,863	2,249,307	1,867,898	5.8	13.8
Coffee	52,066	143,025	115,487	116,245	-19.3	23
Seed cotton	2,432,422	2,451,496	2,787,603	2,286,399	13.7	7.2
Groundnuts	3,185,333	3,471,215	3,524,374	2,896,962	1.5	19.8
Cashew nuts	1,150,009	1,220,131	1,117,538	1,154,695	-8.4	5.7
Rubber	606,420	624,136	850,000	472,499	36.2	32.1

Sources: National marketing authorities * estimates

51. Cocoa production, estimated at 2,249,307 tons in the Union during the 2019/2020 crop year, has increased by 5.8% compared to the 2018/2019 crop year. This trend reflects the satisfactory harvests produced by high-yielding cacao trees which producers started using a few years earlier. However, it exceeds the measures introduced by the authorities to maintain production at around 2,000,000 tons, in order to limit the supply on the international market and avoid a collapse of prices.

52. Seed cotton production is estimated at 2,787,603 tons in the Union, up 13.7% compared to the 2018/2019 crop year. This result was due to the impact of satisfactory rainfall recorded in the production areas combined with strengthening of support measures for producers, particularly provision of inputs and technical supervision.

53. The quantity of groundnuts produced during the 2019/2020 crop year is estimated at 3,524,374 tons, up by 1.5% compared to the previous year, due to the increase in production in all the countries of the Union following the overall favorable climatic conditions.

54. The regional supply of rubber is estimated at 850,000 tons in the 2019/2020 crop year, up by 36.2% compared to the previous crop year, as a result of the increase in planted areas.

55. In contrast, coffee production fell by 19.3% compared to the previous crop year to stand at 115,487 tons in the 2019/2020 crop year. One reason is dormancy, after the strong harvest recorded in the 2018/2019 crop year. The drop in coffee production also results from coppicing of old orchards, as part of a program to revive plantation productivity, initiated by the Coffee Cocoa Council, in order to reach an annual production of 200,000 tons in the medium term.

56. The volume of cashew nuts produced amounted to 1,117,538 tons during the 2019/2020 crop year, down 8.4% from the previous year. This is attributable to the 16.6% decline in harvests in Côte d'Ivoire (the main producer with 63.5% of the Union's total supply in 2018), partially offset by increases in Guinea-Bissau (+4.1%), Benin (+7.6%) and Burkina Faso (+5.1%).

2.1.2 - Secondary sector

57. In the first quarter of 2020, the value added generated by the secondary sector grew at an annual rate of 3.6%, down 3.5 percentage points on the previous quarter. The business climate indicator in the secondary sector was lower than the previous quarter, dropping below its long-term average, reflecting opinions that there has been a deterioration of supply conditions, a decline in orders and a relatively unfavorable financial situation, as well as the stoppage of several public works projects.

58. The industrial production index rose 2.3%, year on year, in the first quarter of 2020, compared to 5.6% three months earlier. This slowdown was mainly due to lower manufacturing output. Indeed, over the period under review, manufacturing production fell by 3.0%, after an increase of 8.3% in the previous quarter, due to lower food industry production (-5.0% compared to +13.4%), particularly in Benin, Côte d'Ivoire, Niger, and Senegal. This situation was due to decreased activity in manufacturing companies, mainly in the last two months of the quarter, in connection with the COVID-19 crisis.

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

		2019					2020
Industries	2018	Q1	Q2	Q3	Q4*	2019	Q1
Output of extractive industries	-7.8	-5.6	5.1	2.6	-8.0	-1.1	5.2
Incl. crude oil and natural gas	-0.9	4.4	18.7	9.7	-13.4	5.8	-4.2
Uranium ores	-17.9	5.1	10.8	11.9	12.6	9.8	13.2
Metallic ores	-10.1	-16.7	-1.3	1.6	-7.2	-6.3	12.9
Manufacturing industries	9.4	10.8	7.1	9.1	8.3	8.9	-3.0
- Food and beverages	14.4	13.5	10.0	18.9	13.4	14.1	-5.0
- Refined petroleum products	-1.3	6.7	8.3	4.0	4.6	6.0	2.5
Electricity, gas & water	0.1	5.0	10.2	11.9	11	9.4	10.9
Overall index	**4.2**	**5.5**	**6.2**	**9.3**	**5.6**	**6.8**	**2.3**

Source: BCEAO. (*) Preliminary data

2.1.3 - Tertiary sector

59. The value added generated in the tertiary sector increased by 3.1%, at an annual rate, in the first quarter of 2020, from 6.3% in the fourth quarter of 2019. Compared to the previous quarter, the business climate indicator fell from its long-term trend to 86.8, reflecting business pessimism about economic developments, linked to the impact of the COVID-19 pandemic on trade activities.

60. The retail trade turnover index fell by 3.5% in the quarter under review, following a 1.9% drop in the previous quarter. This trend was mainly due to lower sales of textile and clothing products (-2.5% compared to +2.4%), automobiles and motorcycles (-2.0% compared to -1.1%) and petroleum products (-1.2% compared to +1.8%). The reduction in turnover of textile companies is observed in particular in Burkina Faso, Côte d'Ivoire, and Senegal. With regard to automobile sales, the decline was sharper in Burkina Faso and Senegal.

61. On the other hand, petroleum products marketing companies recorded a slight decline in sales, mainly in Burkina Faso and Côte d'Ivoire. It should be stressed that sales of food products also dropped, particularly in Benin, Burkina Faso, Côte d'Ivoire, and Togo.

62. The pace of growth of the turnover index in market services (excluding financial services) fell to 1.1% in the first quarter of 2020, compared to 1.5% in the fourth quarter of 2019, due to the decline in activity in transportation, accommodation, and food services, particularly in connection with the closure of some hotel complexes.

63. The financial services activity index rose by 7.1% during the period under review, compared to +9.0% in the previous quarter, a decline attributable mainly to the fall in the collection of deposits in connection with the COVID-19 pandemic.

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

	2018	2019				2019	2020
		Q1	Q2	Q3	Q4*		Q1
Trade TI	**7.3**	**6.0**	**6.4**	**0.2**	**-1.9**	**3.1**	**-3.5**
Food products	11.3	14.4	5.5	-8.0	-12.4	-0.7	-5.0
Personal goods	14.6	16.1	20.2	9.3	2.4	12.6	-2.5
Automobiles, motorcycles, and spare parts	0.5	6.9	4.4	-7.1	-1.1	0.9	-2.0
Petroleum products	11.2	3.4	6.5	3.6	1.8	4.0	-1.2
Pharmaceutical and cosmetic products	10.5	17.2	11.6	11.2	12.4	13.1	5.2
Trade services TI (excluding financial services)	**8.0**	**2.1**	**2.9**	**3.5**	**1.5**	**2.4**	**1.1**
Financial services TI	**7.3**	**7.8**	**7.4**	**10.1**	**9.0**	**8.6**	**7.1**

Source: BCEAO (*) Preliminary data

2.2 - Demand factors

2.2.1 - Trends in uses of GDP

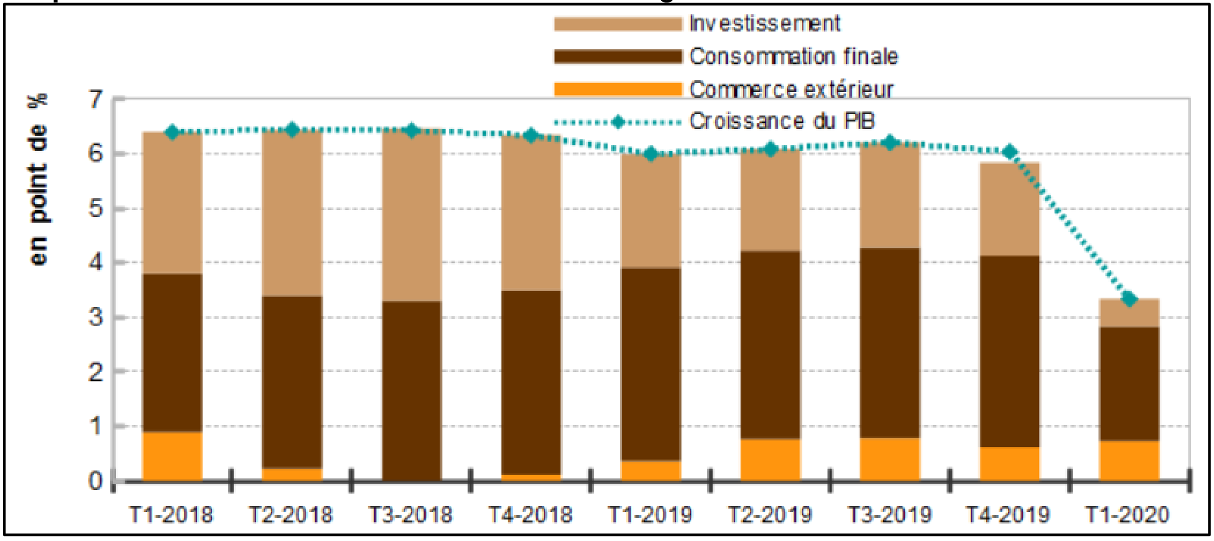
64. Analysis based on demand factors showed that the slowdown in growth in the Union during the first quarter of 2020 was driven by consumption and, to a lesser extent, by investment. The contribution of final consumption to GDP growth declined by 1.4 percentage point from the previous quarter to 2.1 pps in the first quarter of 2020. The contribution of investment to economic growth was 0.5 pp compared to 1.8 pp in the previous quarter. Overall, the contribution of domestic demand to GDP growth fell by 2.7 pps compared to the previous quarter. In contrast, the contribution of foreign trade improved slightly to +0.7 pp, after +0.9 pp in the fourth quarter of 2019.

65. The pace of consumption growth slackened by 1.5 percentage points to 2.8% in the first quarter of 2020, in the wake of the decline in household consumption of services, particularly transportation and food services.

66. For their part, investments in WAEMU grew by 1.6% year on year in the first quarter of 2020, compared to 6.6% in the previous quarter, in connection with reduced activities in the construction sector amid the COVID-19 pandemic.

67. The increase in the contribution of foreign trade to economic growth was linked to the reduction of the trade deficit, due in particular to COVID-19-related decline in imports.

Graph 6 - Contributions of demand items to GDP growth



Source: BCEAO

2.2.2 - Budget execution of WAEMU Member States at the end of March 2020

68. During the first quarter of 2020, budget execution in WAEMU Member States, like in other countries around the world, was strongly affected by the COVID-19 pandemic. Indeed, the governments of the Union's Member States engaged in response plans covering measures to limit the spread of the disease, to assist natural and legal persons affected by the health crisis, and to support economic activity.

69. Initial estimates show an overall widening of the year-over-year budget deficit on a commitment basis including grants, compared to the same period the year before. The cumulative budget deficit is estimated to have reached 922.1 billion in the first quarter of 2020, compared to 222.5 billion in the same period of the previous year.

70. The budget revenues of the Member States of the Union were estimated at 2,576.7 billion in March 2020, or 12.6% of the GDP, compared to 3,360.7 billion or 17.2% of the GDP a year earlier, a decline of 784.0 billion or 23.3%. This downward trend was due to decreased revenue mobilization owing to the governments' tax deferral measures as part of the fight against COVID-19.

71. These measures were aimed in particular at mitigating the impact of the crisis on the most heavily affected sectors of activity and ensuring business continuity. They included (i) the suspension of the employer's apprenticeship tax, the payroll tax, prosecution for the recovery of tax claims and the collection of the minimum flat-rate tax for companies in the passenger transportation and hotel sectors; (ii) the granting of moratoriums on the payment of profits tax and flat-rate taxes; (iii) the deferral of the payment of payroll taxes and (iv) exemptions from duties and taxes on all goods and equipment used in the fight against the COVID-19.

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

	March-19	March-20	Change (amount)	Change (%)
Total revenues and grants	3,360.7	2,576.7	-784.0	-23.3
Total revenues	3,204.8	2,380.9	-823.9	-25.7
including fiscal revenues	2,755.0	2,078.7	-676.3	-24.5
Other revenues (including non-fiscal)	449.8	302.2	-147.6	-32.8
Net Expenditure and Loans	3,583.2	3,498.8	-84.4	-2.4
Total balance, commitment basis, including grants	-222.5	-922.1	-699.6	314.4
(% of GDP)	-1.1	-4.5		
Total balance, cash basis, including grants	-322.4	-950.7	-628.3	194.9

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

72. For their part, net expenditure and loans fell by 2.4%, from 3,583.2 billion at the end of March 2019 to 3,498.8 billion at the end of March 2020, mainly due to the postponement of some investment projects despite the increase in public spending related to the health crisis, particularly the increase in health expenditure and social safety nets as part of policies to support vulnerable populations.

73. Measures implemented by governments included the following:

- short-term emergency food aid and measures to support agricultural production to ensure food security in the medium term. Food aid was provided mainly through the distribution of food and direct cash transfers to the most severely affected populations,
- partial or total coverage of water and electricity bills for vulnerable social groups,
- increase in health expenditures needed to provide free treatment for the sick, quarantine contacts, and strengthen the health system's response capacity (materials, tests, etc.),
- deferral of tax payments for the businesses and operators hardest hit by the crisis, and
- adoption of aggregate demand stimulus packages to support businesses affected by demand shocks.

74. On the basis of these estimates, the overall deficit, on an accrual basis, including grants, was $922.1 billion or 4.5% of the GDP at the end of March 2020, compared to $222.5 billion or 1.1% of the GDP a year earlier. To cover the deficit and finance the COVID-19 response plans, the States relied on the regional market and the mobilization of external resources.

2.2.3 - Regional public debt market

75. In the first quarter of 2020, the total gross amount of bonds issued on the regional public debt market was 1,297.8 billion, up 205.9 billion compared to the first three months of 2019. Net bond issues stood at 1,023.1 billion at the end of March 2020.

76. In the Treasury bill segment, eighteen issues were made for a total amount of 446.1 billion,

compared to twenty-two issues amounting to 536.9 billion a year earlier. The 6- and 12-month maturities were the most popular, with twelve issues for a total value of 318.1 billion, representing 71.3% of the total amount of bonds issued during the period.

77. National treasury departments raised 851.7 billion on the bond segment compared to 555.0 billion in the first quarter of 2019. Thirty-five issues were made for maturities of 3 years (18 issues), 5 years (12 issues), 7 years (4 issues) and 10 years (1 issue).

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

		2019					2020
	Total 2018	**Q1**	**Q2**	**Q3**	**Q4**	**Total 2019**	**Q1**
Bills	1,489.4	536.9	546.3	358.3	203.6	1,645.1	446.1
Bonds	1,788.2	555	686.4	728.6	497	2,467.0	851.7
By auction	*943.9*	*349.5*	*474.2*	*454.3*	*497*	*1,775.0*	*851.7*
By syndication	*844.3*	*205.5*	*212.2*	*274.3*	*0.0*	*692*	*0.0*
Total	**3,277.6**	**1,091.9**	**1,232.7**	**1,086.9**	**700.6**	**4,112.1**	**1,297.8**

Source: WAMU-Securities

78. On the Treasury bill segment, the average interest rate for resources raised by States fell, on a year-over-year basis, to stand at 4.46% in the first quarter of 2020 against 5.08% a quarter earlier and 5.78% in the same period of the previous year.

Table 12 - Average interest rates on Treasury bills (%)

		2019					2020
	2018 average	**Q1**	**Q2**	**Q3**	**Q4**	**2019 average**	**Q1**
1 month	3.9	-	-	-	-	-	-
3 months	5.46	5.00	4.98	4.63	-	4.85	3.88
6 months	6.06	5.69	5.4	-	4.9	5.52	4.38
12 months	6.16	6.07	5.62	5.29	5.11	5.61	4.94
24 months	5.8	-	-	-	-	-	-
Average rate	**5.9**	**5.78**	**5.32**	**4.93**	**5.08**	**5.36**	**4.46**

Sources: BCEAO, WAMU-Securities

79. Furthermore, as part of the measures taken to counter the negative impacts of the pandemic, the BCEAO decided in April 2020 to support WAEMU Member States by issuing Treasury bills with a three-month maturity, known as “COVID-19 Bills”. A special 3-month refinancing window was opened by the Central Bank to enable banks to refinance the bills at a rate of 2.5%.

80. The total outstanding amount of government securities was estimated at 11,906.6 billion at the end of March 2020. The situation by country is as follows:

Table 13 - Outstanding public securities at the end of March 2020 by country (*) (billions of CFA F)

	Benin	**Burkina Faso**	**Côte d'Ivoire**	**Guinea-Bissau**	**Mali**	**Niger**	**Senegal**	**Togo**	**WAEMU**
Bills	0.0	242.0	313.6	19.8	137.5	286.1	0.0	65.2	1,064.2
Bonds	1,424.7	1,346.6	3,766.9	90.0	1,428.4	602.2	1,009.1	1,174.4	10,842.4
Total	**1,424.7**	**1,588.6**	**4,080.6**	**109.8**	**1,565.9**	**888.3**	**1,009.1**	**1,239.6**	**11,906.6**

Source: WAMU-Securities *(*) These figures apply to issues on the regional financial market only.*

81. Looking ahead, for the year 2020, based on the initial issuance schedules submitted by the Member States of the Union, the total amount of resources to be mobilized on the regional market is expected to amount to 4,428.8 billion, up 7.7% compared to 2019. Maturities will be 2,701.7 billion and net issuance will be 1,721.1 billion, up 89.6% over one year. Outstanding government securities are expected to stand at 12,604.6 billion at the end of December 2020, representing 14.8% of the GDP.

2.2.4 - Resource mobilization on international markets

82. In the first quarter of 2020, no country raised resources on international markets by issuing Eurobonds.

83. However, to support the resilience of low-income countries in the face of the pandemic, financial aid has been offered by technical and financial partners (TFPs), including credit facilities and a moratorium on debt service payments.

84. Looking ahead, for the year 2020, the impact of COVID-19 on WAEMU economies is expected to lead to a decline in public resources as well as an increase in expenditures related to the implementation of the various response plans adopted by the Member States.

85. As part of the financing of these plans, at the end of May 2020, WAEMU Member States mobilized 1,181.3 billion from the IMF under various facilities (Extended Credit Facility, Rapid Credit Facility and Rapid Financing Instrument) and 1,172.6 billion on the regional financial market under "COVID-19 Bills". Other mobilizations are expected from external partners, in addition to the moratorium on debt service payments obtained by some countries from their bilateral and multilateral creditors.

2.2.5.- Foreign trade and intra-WAEMU trade in the first quarter of 2020

86. In the first quarter of 2020, the Union's trade deficit fell by 345.32 billion compared to the same period in 2019, to 60.4 billion or 0.3% of the GDP, due to an increase in exports (+4.3%) amid declining imports (-2.9%). Overall, the rate of coverage of imports by exports was 98.8% in the first quarter of 2020, compared to 91.9% in the same period in 2019, an improvement of 6.9 percentage points.

87. The buoyancy of exports reflected increased sales of gold (+24.2%) and cocoa (+10.7%), mainly due to the favorable trend in prices, and rubber (+23.0%). In the case of rubber, the increase was due to the volume shipped as a result of the increase in production. This export growth was, however, offset by lower sales of cashew nuts (-26.2%), petroleum (-17.3%) and cotton (-9.7%), in a context of falling international market prices.

Table 14 - Trends in trade in the Union in the first quarter of 2020

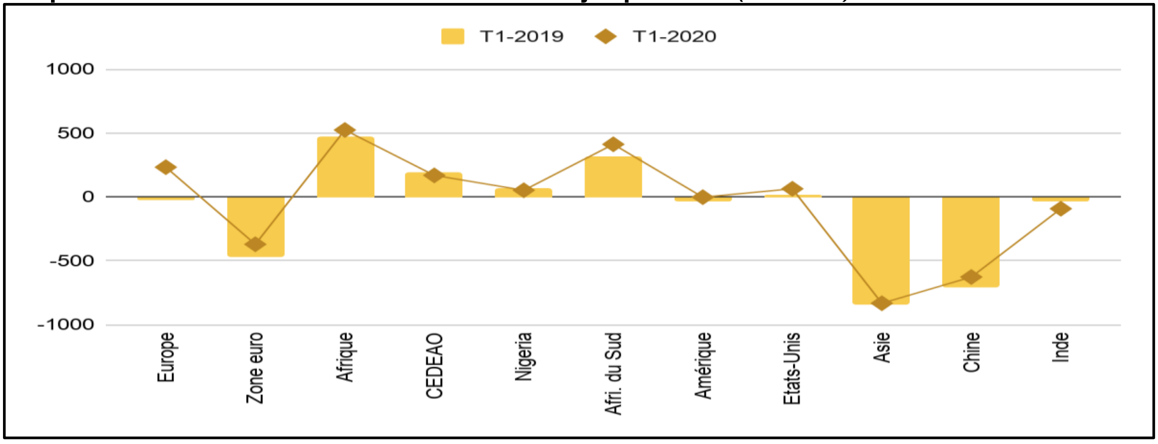
	2019	2020	Change	
	Q1	Q1	(amount)	(%)
Exports (FOB)	**4,632.8**	**4,830.7**	**197.9**	**4.3**
Incl. Gold and precious metals	1,117.5	1,387.9	270.4	24.2
Cocoa products	966.8	1,070.6	103.8	10.7
Petroleum products	381.6	315.6	-66.0	-17.3
Cashew nut products	349.4	257.7	-91.7	-26.2
Cotton products	317.9	287.1	-30.7	-9.7
Rubber	127.6	157.0	29.4	23.0
Uranium	36.3	41.0	4.7	12.9
Coffee products	20.5	22.3	1.8	9.0
Imports (FOB)	**5,038.5**	**4,891.1**	**-147.4**	**-2.9**
Incl. Food products	1,415.1	1,467.4	52.2	3.7
Consumer goods	479.3	484.0	4.7	1.0
Energy products	1,105.2	853.0	-252.1	-22.8
Capital goods	1,259.4	1,277.1	17.7	1.4
Intermediate goods	1,158.1	1,173.2	15.1	1.3
Trade balance	**-405.7**	**-60.4**	**345.3**	**-85.1**
(% of GDP)	**-2.1%**	**-0.3**		

Sources: BCEAO, NSIs, Customs - (*) estimates

88. The decline in imports reflected the drop in the energy bill (-22.8%), due to the fall in prices on the world markets, the impact of which was partially offset by higher purchases of capital and intermediate goods (+1.4%) and supplies of foodstuffs and basic consumer goods (+3.0%). The increase in purchases of capital and intermediate goods from abroad was driven by public and private investment. The increase in purchases of consumer goods was linked to the upturn in international prices, particularly for rice and wheat, in a context of falling volumes of imports of those products.

89. The Union's trade during the period under review showed a surplus with Africa and Europe but remained in deficit with Asia and America.

Graph 7 - Trends in the trade balance with major partners *(in billions)*



Sources: BCEAO, NSIs, Customs

90. Intra-WAEMU trade is estimated to have risen by 0.5% to $782.6 billion, representing 16.1% of the total Union trade. Côte d'Ivoire and Senegal continued to be the main suppliers, accounting for 55.4% of total intra-Community supply. On the intra-WAEMU demand side, Mali and Burkina Faso were the main destinations of trade flows, with 51.6% of the total. The main products traded were oil, food preparations (milk, broths, etc.), local produce (cereals, live animals), edible oils and construction materials.

2.3 - Economic growth outlook

91. Economic activity, initially expected to expand by 6.6% in 2020, will be strongly affected by the negative impact of the coronavirus pandemic both domestically and internationally. WAEMU countries are expected to be hit by the pandemic in various areas, including trade, foreign direct investment, migrant remittances, and activities in the civil engineering and public works, banking, financial, tourism, hotel, restaurant, and air transportation sectors. The forecasts available at the end of May 2020 expect a loss of 4.0 percentage points compared to the initial projections. Thus, the Union's GDP is expected to grow by 2.3% in 2020.

92. Achievement of the revised forecasts, however, still depends on the ability of the Member States of the Union to effectively contain the impact of COVID-19, boost production and pursue the structural reforms necessary to ensure an enabling climate for private sector development. In this perspective, the priority actions to be carried out should aim at:

- consolidating the measures put in place to respond to the pandemic, in order to limit its impact on the economic performance of the States,
- adopting measures that can encourage the private sector to participate more fully in the development process, by consolidating actions taken to improve the business climate and promote the development of private investment in the industrial sector, particularly in agro-industry,
- maintaining measures to improve the performance and efficiency of the tax authorities in order to raise the tax burden ratio. Steps to be taken could also aim at broadening the tax base and rationalizing exemptions, and
- enhancing cooperation between national security services, to create a community environment that fosters economic development and continuing investment in high growth sectors.

III - CURRENCY, MONETARY CONDITIONS AND FINANCIAL MARKET

3.1. Measures taken by the BCEAO to stem the economic impact of the pandemic

93. In response to the consequences of the health crisis on the Union's economies, the BCEAO has introduced a series of measures since March 21, 2020, to counter the adverse effects of the pandemic. These measures are aimed at limiting the impact of the crisis on the banking sector, for it to continue playing its financial intermediation role effectively.

94. The BCEAO has decided to serve all the needs expressed by the banking system at a universal rate of 2.50%, its lowest rate, on its refinancing windows.

95. In addition, the Central Bank has expanded the range of mechanisms available to banks to access refinancing. To that purpose, it has listed 1,700 private companies whose creditor banks had not previously requested a rating agreement. These listings led to the admissibility at BCEAO counters of collaterals on claims held on A- or B-rated signatures. For B-rated signatures, each claim must be backed by a sovereign guarantee. This new measure allows banks to access additional resources of 1,600 billion from the Central Bank.

96. In return, banks were asked to increase financing of economic activities and to pass on the reduction in the cost of their resources in the interest rates on loans to customers, particularly SMEs/SMIs. furthermore, in order to preserve the production tool, namely businesses, the BCEAO has asked banks and microfinance institutions to grant loan restructuring to businesses affected by the pandemic and facing difficulties in meeting their payment due dates. These deferrals of payments will be made on their loans, for a period of 3 months renewable once, without interest cost, fees, or penalties for late payment. This measure particularly focuses on the Union's SMEs/SMIs.

97. Moreover, in order to increase liquidity for the microfinance sector, the refinancing window for bills on small and medium-sized enterprises (SMEs) was extended to bank claims due from microfinance institutions.

98. For the population, the Central Bank, in consultation with the banking community and electronic money institutions, has taken measures to reduce the cost of using digital means of payment in order to encourage users to use them more often at this time when the public was urged to limit travel and physical contact.

99. At the State level, the BCEAO has taken steps to support national governments in mobilizing low-cost financial resources to address the difficulties brought about by the health crisis, pending receipt of the assistance expected from external partners. Within this framework, it has created a special refinancing window to assist Member States in issuing Treasury bills known as "COVID-19 Bills". These bills, with a maturity of three months, issued on the regional financial market, are to be used to meet immediate expenses related to the fight against the COVID-19 pandemic. The new window created for this purpose allows banks to refinance COVID-19 bonds purchased on the regional debt market, at a fixed rate of 2.50% and a maturity of three months.

3.2 - Monetary conditions

3.2.1 - Bank liquidity

100. During the first quarter of 2020, trends in all independent liquidity factors had a negative impact on banks' cash flow (-368.6 billion). The balance of banks' transfers abroad was negative, at -102.1 billion. Regarding banknote movements, large withdrawals contributed to a negative cash flow of -239.6 billion. The balance of transactions with States and other net factors stood at -26.9 billion.

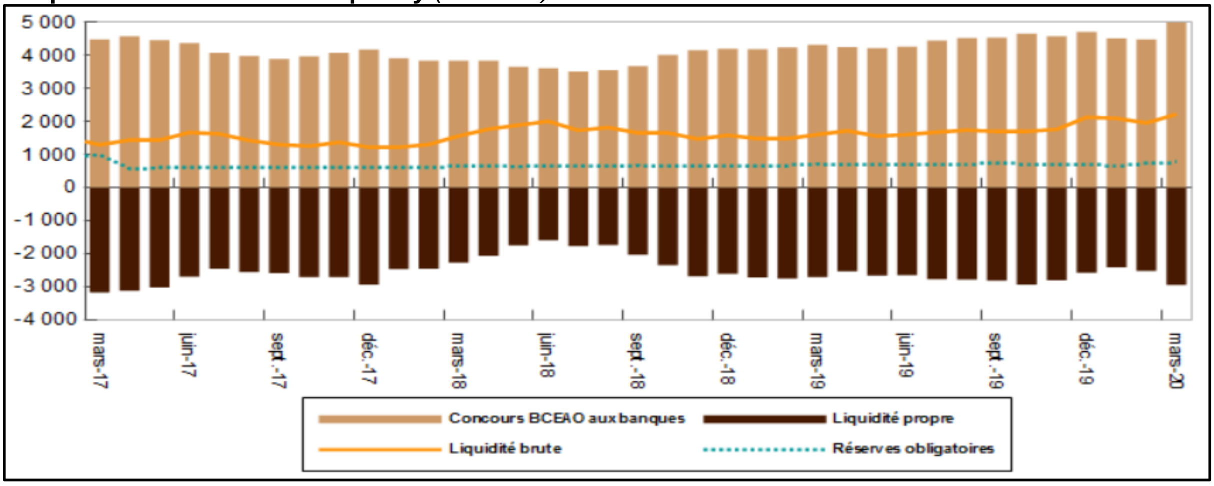
101. In response to the deterioration in banks' own cash positions and as part of the measures taken to counter the effects of COVID-19, the Central Bank increased its financing to banks by 461.3 billion.

102. As a result of these developments, the banks' cash position, measured through the balances of ordinary and settlement accounts in the books of the Central Bank, was consolidated by 92.7 billion in the first quarter of 2020, standing at 2,216.2 billion at the end of March 2020 against 2,123.5 billion at the end of December 2019.

103. Furthermore, the reserve requirements of the banks over the maintenance period running from February 16 to March 15, 2020, were estimated at 763.7 billion. Over the same period, the reserves set up averaged 1,795.9 billion, exceeding the regulatory minimum level required by 1,032.2 billion.

104. Compared to the situation outlined in the last Report, i.e., the November 16-December 15, 2019 maintenance period, surplus reserves increased by 105.4 billion. They represented 135.2% of required reserves compared to 130.2% in the previous quarter. The number of banks with reserve requirement shortfalls decreased from six to three.

Graph 8 - Trends in bank liquidity *(in billions)*



Source: BCEAO

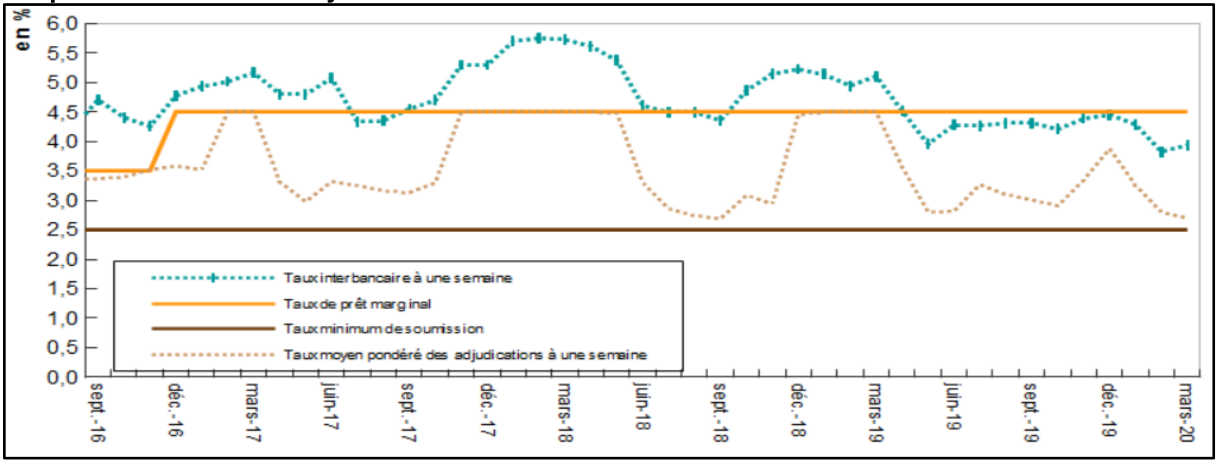
3.2.2 - Trends in money market interest rates

105. An analysis of refinancing terms during the first quarter of 2020 compared to the previous quarter and the same period of 2019, showed an easing of money market yields, in connection with measures taken to provide liquidity to banks at low cost in order to combat the economic impact of the COVID-19 pandemic.

106. Interest rates eased on refinancing windows. The weighted average rate for weekly liquidity injection operations was 2.8963% in the first quarter of 2020 compared to 3.3778% in the previous quarter and 4.50% a year earlier. On the one-month window, the weighted average rate was 3.5459% compared to 4.0199% in the fourth quarter of 2019. Over the same period in 2019, the rate was 4.50%. For its part, the quarterly average money market rate[2] was 2.6896% against 2.9759% in the previous quarter and 4.50% a year earlier.

[2] The quarterly average money market rate represents the average of the marginal rates on weekly auction operations weighted by the number of days accrued for these rates during the quarter.

Graph 9 - Trends in money market rates



Source: BCEAO

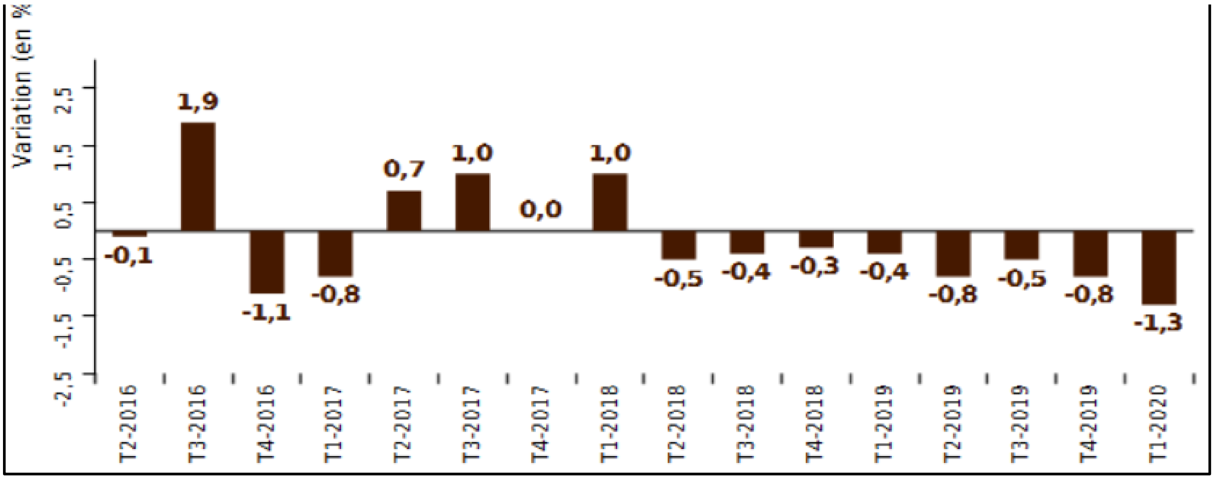
107. On the interbank market, the overall volume of transactions, across all maturities, averaged 343 billion in the first quarter of 2020 compared to 487 billion in the fourth quarter of 2019 and 467 billion one year earlier. On the one-week maturity, 255 billion were traded compared to 357 billion a quarter earlier. Over the same period in 2019, a volume of 349 billion was traded on this maturity.

108. The weighted average interest rate, across all maturities, fell to 4.2103% from 4.4867% a quarter earlier. It was down by 86 basis points compared to its level in the first quarter of 2019 (5.0701%). For the one-week maturity, which represented 74.5% of the total quarterly transaction volume, the weighted average interest rate stood at 4.11% compared to 4.36% in the previous quarter and 5.06% one year earlier.

3.2.3 - Trends in monetary conditions[3]

109. Monetary conditions eased in the first quarter of 2020. The monetary conditions index dropped by 1.3% from the previous quarter, in part due to the decline in the real interest rate on the one-week interbank market (-2.1 percentage points) and the decline in the real effective exchange rate (-0.5 percent).

[3] The monetary conditions index is a synthetic indicator used to assess the combined impact of interest rate and exchange rate policies on aggregate demand. It is calculated as a weighted average of the real effective exchange rate and the real interest rate and trends in the index are measured against the level of the index over the baseline period (average over the 2000-2010 period).

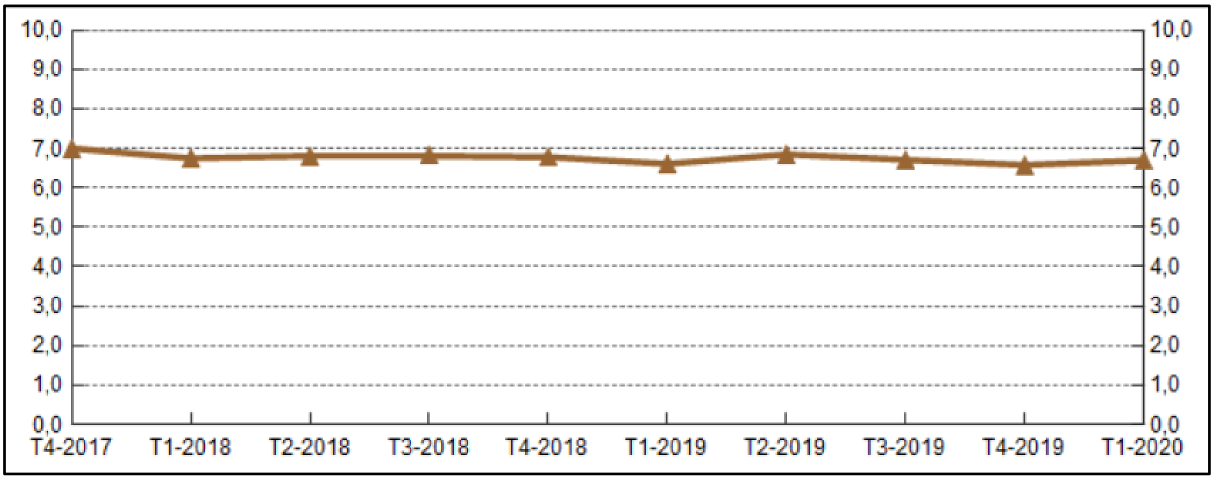


Source: BCEAO

3.2.4 - Banking conditions

110. The average lending rate, excluding taxes and fees, rose to 6.70% in the first quarter of 2020, compared to 6.58% in the previous quarter. In the same period last year, the rate was 6.75%.

Graph 11 - Average lending rates of banks in WAEMU *(%)*



Source: BCEAO

111. By loan purpose, average rates increased for consumer loans (+61 basis points), housing loans (+59 bps), export loans (+16 bps) and equipment loans (+15 bps). On the other hand, average rates on cash-flow loans fell by 11 basis points.

Table 15 - Trends in lending rates in WAEMU according to loan purpose *(%)*

	2017	2018				2019				2020
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Housing	8.10	7.87	7.69	7.65	7.27	7.50	7.20	7.75	7.03	7.62
Exports	8.56	7.18	6.61	6.51	7.37	7.01	6.96	6.79	6.68	6.84
Equipment	7.74	7.93	8.12	7.63	7.45	7.01	7.79	7.63	7.25	7.40
Consumption	7.99	7.87	8.21	8.23	7.94	8.07	7.98	7.41	7.75	8.37
Cash flow	6.64	6.29	6.23	6.26	6.43	6.19	6.30	6.22	6.21	6.10
Other	7.23	6.74	7.21	7.45	7.00	7.03	7.79	7.10	6.78	6.91
Total	**7.00**	**6.75**	**6.80**	**6.83**	**6.78**	**6.61**	**6.85**	**6.71**	**6.58**	6.70

Source: BCEAO

112. At country level, lending rates rose in Mali (+88 bps), Benin (+77 bps), Togo (+44 bps) and Côte d'Ivoire (+30 bps). In contrast, they fell in Burkina Faso (-59 bps), Guinea-Bissau (-46 bps) and Niger (-6 bps). Credit costs remained steady at 5.9% in Senegal.

Table 15 - Trends in lending rates in WAEMU by country *(%)*

	2017	2018				2019				2020
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Benin	7.84	7.91	8.22	7.71	7.53	7.52	7.03	7.77	7.15	7.92
Burkina Faso	7.35	7.51	7.45	7.53	7.30	7.21	7.24	7.35	7.51	6.92
Côte d'Ivoire	6.51	6.22	6.27	6.49	6.34	6.38	6.60	6.45	6.08	6.38
Guinea-Bissau	9.58	8.22	9.42	9.68	8.79	7.88	9.89	8.67	8.47	8.01
Mali	8.06	7.98	7.66	7.91	7.90	7.67	7.70	7.90	7.59	8.47
Niger	9.40	9.61	9.10	9.65	8.72	9.41	9.88	9.67	9.05	8.99
Senegal	6.29	5.79	5.81	5.71	6.21	5.56	5.91	5.78	5.90	5.90
Togo	8.33	8.26	8.50	8.09	7.82	7.80	7.64	7.86	7.48	7.92
WAEMU	**7.00**	**6.75**	**6.80**	**6.83**	**6.78**	**6.61**	**6.85**	**6.71**	**6.58**	6.70

Source: BCEAO

113. The average lending rate on fixed-term deposits was almost unchanged at 5.52% in the first quarter of 2020.

Table 17 - Trends in interest rates on term deposits in WAEMU by country *(%)*

	2017	2018				2019				2020
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Benin	5.80	5.21	5.72	6.10	5.87	5.13	5.19	5.64	5.56	6.15
Burkina Faso	5.77	5.76	5.37	5.78	5.84	5.71	5.76	5.91	5.97	6.17
Côte d'Ivoire	4.92	4.80	4.96	5.04	5.11	4.96	4.83	4.83	4.65	4.71
Guinea-Bissau	3.88	3.79	4.85	4.67	3.83	3.51	5.31	4.67	3.91	3.33
Mali	4.86	4.95	4.91	4.82	5.12	5.03	5.14	4.84	4.95	5.02
Niger	5.42	5.20	5.81	5.71	6.05	5.65	5.58	5.97	6.02	5.73
Senegal	5.46	5.41	5.29	5.65	5.46	5.48	5.03	5.62	5.05	4.82
Togo	5.34	5.49	5.91	5.63	5.76	5.63	5.48	5.62	5.52	5.59
WAEMU	**5.35**	**5.25**	**5.32**	**5.50**	**5.54**	**5.35**	**5.24**	**5.42**	**5.50**	**5.52**

Source: BCEAO

3.3 - Monetary situation

114. In the first quarter of 2020, the pace of growth of the Union's money supply slowed compared to the previous quarter. The growth rate of the broad money aggregate was +1.2%, after 8.4% in the previous quarter. In contrast, year on year, it recorded a slight acceleration with growth of 11.4% compared to 10.4% three months earlier.

Table 18 - Monetary situation at the end of March 2020 *(in billions, unless otherwise stated)*

	Dec.-2018	March-2019	Dec.-2019	March-2020	Quarterly change (4)/(3)		Year on year change (4)/(2)	
	(1)	(2)	(3)	(4)	(in level)	(%)	(in level)	(%)
Money supply	**27,726.8**	**27,781.0**	**30,600.8**	**30,958.9**	**358.4**	**1.2**	**3,177.9**	**11.4**
Net external assets	5,37.1	5,713.6	7,290.9	7,008.3	-282.7	-3.9	1,294.6	22.7
Domestic claims	30,021.8	29,744.5	31,626.3	32,475.9	849.6	2.7	2,731.4	9.2
Net claims on central governments*	8,110.5	7,980.9	8,118.1	9,303.2	1,185.1	14.6	1,322.3	16.6
Claims on the economy	21,911.4	21,763.6	23,508.2	23,172.7	-355.5	-1.4	1,409.0	6.5

Source: BCEAO

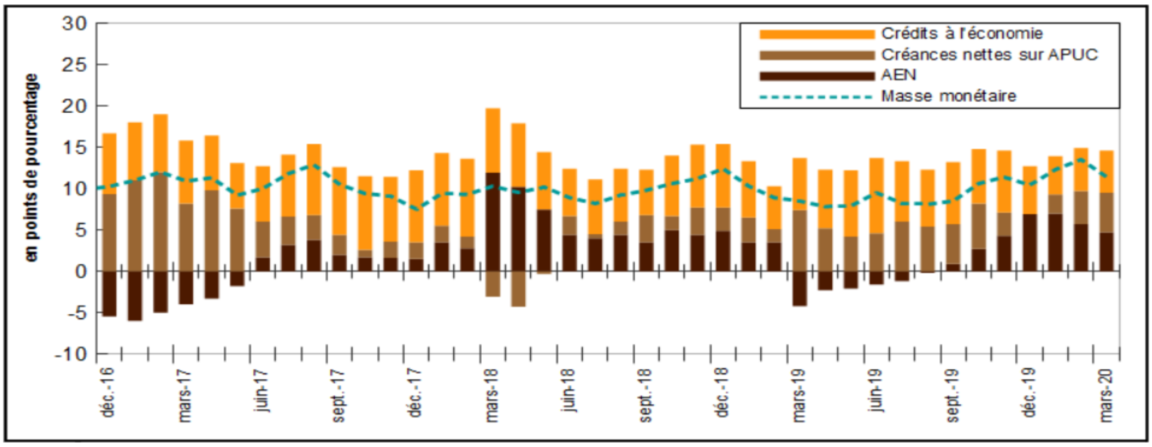
3.3.1 - The money supply and its components

115. The increase in the monetary aggregate in the broad sense over the quarter reflected an increase in banknotes and coins in circulation (+3.3%) as well as deposits (+0.6%). The increase in deposits was mainly driven by deposits from households (+4.0%). On an annual basis, the increase in the money supply (+11.4%) was reflected in increases in deposits (+11.1%), as well as banknotes and coins in circulation (+10.6%).

3.3.2 - Money supply counterparts

116. An analysis of counterparts revealed that the quarterly increase in money supply was driven by the increase in domestic claims, as net external assets declined. In contrast, year-on-year growth in the money supply was driven by combined increases in domestic claims and net external assets.

Graph 12 - Counterpart contributions to annual growth in the money supply



Source: BCEAO

Net external assets (NEAs)

117. The net external assets of deposit-taking institutions fell by 282.7 billion, quarter on quarter.

118. In fact, the first quarter of the year 2020 was marked by the execution of significant outward transfers by States and banks. At the level of States, the balance of payments abroad showed a deficit of 324.5 billion. Over the quarter, transfers issued by the States amounted to 602.1 billion against 277.6 billion in funds received. For their part, banks made foreign transfers amounting to 2,492.9 billion against repatriations of resources of 2,390.8 billion, lowering their balance to -102.1 billion.

119. However, the increase in the gold component of reserves (+130.8 billion), as a consequence of the appreciation of gold prices, mitigated the negative impact of transfers.

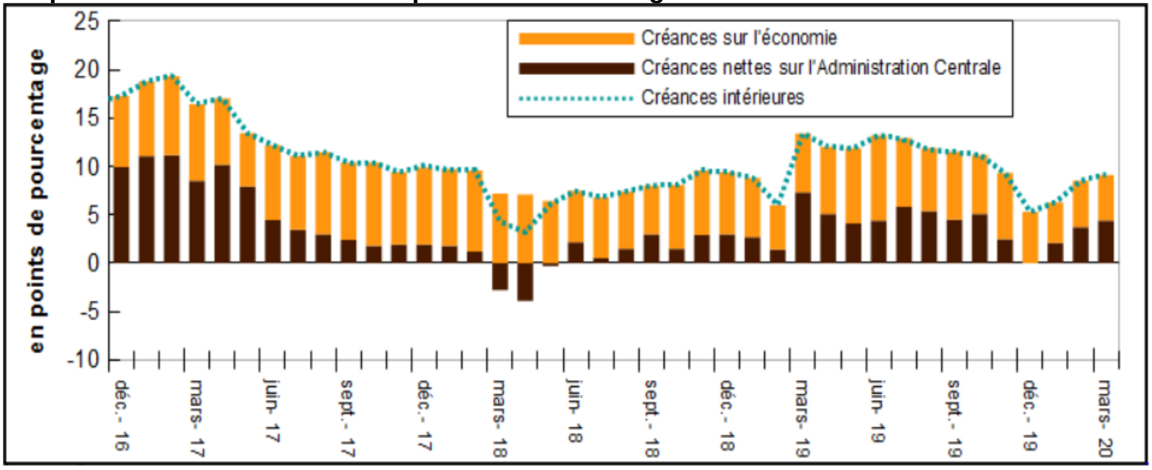
120. In line with these developments, the BCEAO foreign exchange reserves decreased by 104.2 billion, or -1.0%, to 10,252.7 billion at the end of March 2020. The level recorded at the end of the quarter corresponds to a monetary issuance coverage rate of 79.3% against 81.4% a quarter earlier. It also ensures 6.3 months of imports of goods and services compared to 6.2 months at the end of December 2019. This upward trend in the coverage of months of imports was due to lower projected imports for the year 2021 compared to their level in 2020.

121. Year on year, net external assets grew by 1,294.6 billion, or +22.7%, at the end of March 2020, after 1,915.8 billion or +35.6% at the end of December 2019.

Domestic claims

122. Loans from the banking sector to resident units increased by 849.6 billion or 2.7% over the quarter. Net claims on central government administrations recovered (+1,185.1 billion), while loans to the private sector declined (-335.5 billion).

Graph 13 - Contributions of components to annual growth in domestic claims



Source: BCEAO

Net claims on central government administrations of Member States

123. The recovery in net lending by deposit-taking institutions to central governments was due to pressing financing needs of States, particularly from the last month of the quarter, in connection with the measures taken to counter the COVID-19 pandemic. In this context, the outstanding government securities portfolio held by banks and direct loans granted to the States increased by 958.3 billion and 225.8 billion respectively. At the same time, central government deposits increased by 38.3 billion during the quarter.

Table 19 - Net claims on central governments (in billions)

	March 2019	Dec. 2019	March 2020	Change	
				Quarterly	Annual
Net claims on central governments	**7,980.9**	**8,118.1**	**9,303.2**	**1,185.1**	**1,322.3**
Claims on deposit-taking institutions	**12,369.5**	**13,109.2**	**14,289.5**	**1,180.3**	**1,920.0**
Loans	3,906.2	4,264.6	4,490.4	225.8	584.2
Government securities portfolios	8,389.1	8,828.0	9,786.3	958.3	1,397.2
Other claims	12.30	16.1	12.30	-3.8	0.0
Deposit-taking institution commitments	**4,388.7**	**4,991.1**	**4,986.3**	**-4.8**	**597.6**
Treasury	29.1	29.2	32.9	3.7	3.8
Deposits	4,343.3	4,892.9	4,931.2	38.3	588.0
Other commitments	16.4	69.0	22.2	-46.8	5.8

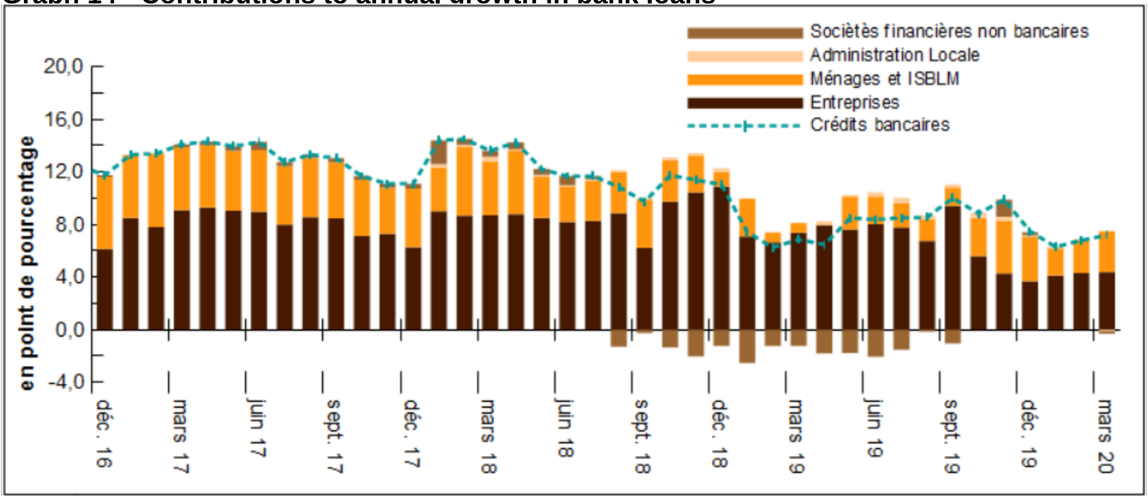
Source: BCEAO

Claims on the economy

124. Claims on the economy fell by 335.5 billion or 1.4% quarter-on-quarter, after rising by 1,053.7 billion or 4.7% in the previous quarter. This was the result of the combined contraction of bank loans (-238.7 billion or -1.1%) and purchases of debt and equity securities issued by the private sector (-136.0 billion or -20.2).

125. As regards bank loans, the reversal of the trend in their growth rate (from 4.3% to -1.1%) chiefly reflected that of loans granted to households and private companies. Over the quarter, loans to private businesses fell by 0.5% (or -64.8 billion), after an increase by 3.3% in the previous quarter, reflecting in particular the declines in loans granted for equipment needs (-171.0 billion or -7.4%) and export loans (-64.0 billion or -35.7%).

Graph 14 - Contributions to annual growth in bank loans



Source: BCEAO

126. Household loans fell by 144.7 billion or 2.0%, after an increase of 324.9 billion or 4.8% a quarter earlier. This trend was mainly driven by consumer loans, which were the main component of loans to households in the Union.

127. By sector of activity, the structure of the banks' loan portfolios was dominated by loans to the tertiary and secondary sectors. At the end of March 2020, these two sectors respectively accounted for 56.5% and 33.8% of outstanding loans to private non-financial companies, compared to 9.7% for the primary sector. In the previous quarter, these two sectors accounted for 90.7% of loans to the private sector. More specifically, bank financing of companies was mainly geared towards the trade (23.7%), manufacturing (16.5%) and construction (11.0%) subsectors.

3.3.3 - Bank resources and uses

128. Between December 2019 and March 2020, the activities of lending institutions were marked by an increase of 157.1 billion (-5.5%) in their structural cash deficits. This deterioration was due to a higher rate of growth of uses compared to resources.

129. Banking system uses increased by 1,075.8 billion (+3.0%) to 36,891.4 billion at the end of March 2020. However, it should be noted that loans to customers fell by 30.4 billion, particularly short-term loans (-138.1 billion). This trend in short-term loans was mainly offset by an increase in medium-term loans (+208.5 billion; +1.9%). Other uses followed an upward trend (+1,070.2 billion; +8.3%) to reach 13,950.5 billion, in connection with investment securities (+572.3 billion; +6.8%).

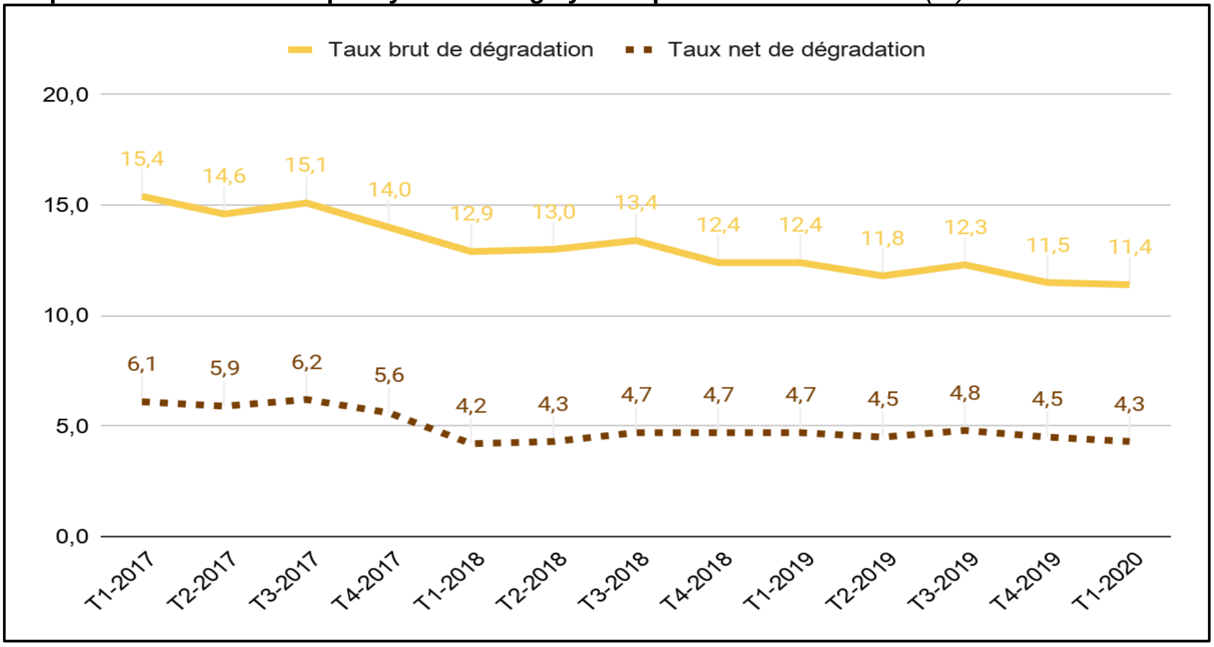
130. Resources grew by 918.7 billion (+2.8%), reaching 33,890.2 billion at the end of March 2020, in line with the simultaneous increase in deposits and borrowings (+547.1 billion; +2.0%), net equity (+149.9 billion; +4.1%) and miscellaneous resources (+221.7 billion; +11.0%).

131. Total outstanding loans granted to the 50 largest businesses using bank credit (LBUBCs) in each Member State of the Union stood at 6,920.0 billion at the end of March 2020, compared to 6,815.4 billion at the end of December 2019 and 6,375.1 billion at the end of March 2019, i.e., an increase of 1.5% on a quarterly basis and 8.5% year on year. They represented 48.6% of loans reported to the Union's Central Bank Risk Office at the end of March 2020, compared to 47.9% at the end of December 2019. At the sectoral level, the major risks were mainly borne by companies operating in the "wholesale trade" (26.9%), "community services" (18.5%), "manufacturing industries" (14.6%), "transportation and communications" (11.7%) and "civil engineering and public works" (11.3%) sectors.

132. The gross deterioration rate in the quality of portfolios of banks and bank-like financial institutions in the Union improved by 0.1 percentage point to stand at 11.4%. The net rate

followed a similar trend, coming in at 4.3% compared to 4.5% at the end of December 2019.

Graph 15 - Trends in the quality of banking system portfolios in WAEMU *(%)*



Source: BCEAO

133. Year on year, the cash position of the Union's credit institutions improved (+96.1 billion or +3.1%). Uses were up by 3,385.7 billion (+10.1%), due to increases of 2,043.8 billion (+9.8%) in loans and 1,305.9 billion (+10.3 %) in other uses. Resources also saw an increase of 3,481.8 billion (+11.5%), driven by growth in deposits and borrowings (+3,126.3 billion or +12.7%), as well as in net equity (+594.1 billion or +18.3%).

134. In line with these developments, the gross and net rates of deterioration of the quality of lending institution portfolios were down, on an annual basis, by 0.9 percentage points and 0.5 percentage points respectively, reflecting a slight decline in outstanding loans.

3.3.4 - Central Bank interventions

135. The overall volume of BCEAO interventions stood at 7,242.2 billion at the end of March 2020, up 452.4 billion compared to the end of December 2019. This was due to the increase in refinancing granted by the Central Bank to the Union's banks (+471.0 billion), combined with growth in Central Bank claims on national treasuries (+18.2 billion).

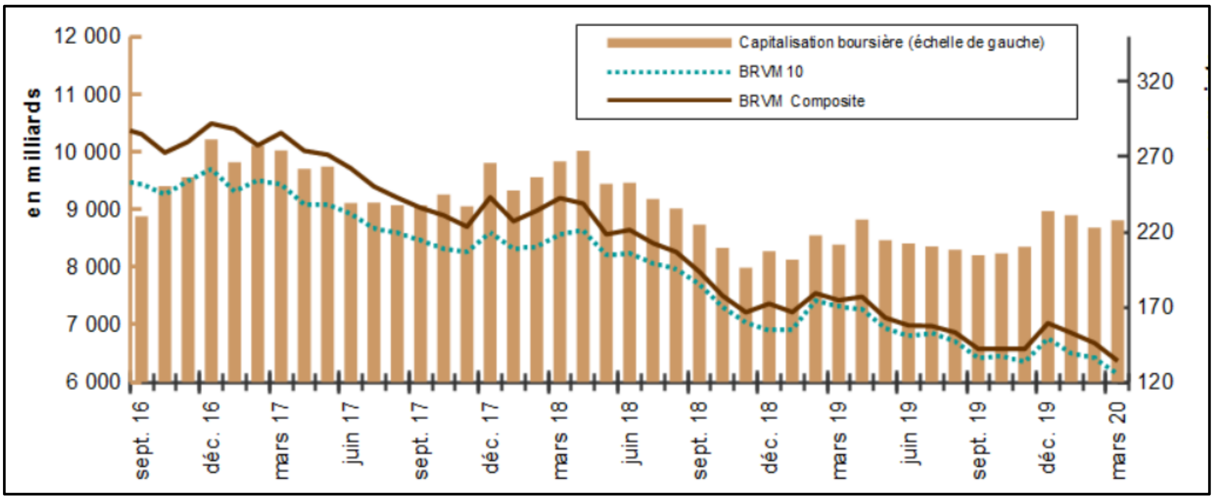
136. At the end of March 2020, outstanding loans granted by the BCEAO to banks stood at 5,162.4 billion, after 4,708.4 billion three months earlier.

137. The increase in Central Bank claims on national treasury departments (+18.2 billion) during the period was mainly due to increased IMF facilities (+24.8 billion), whose impact was partially offset by repayments made under facilities backed by SDR allocations (-1.6 billion) and consolidated monetary facilities (-0.8 billion).

3.4 - WAMU financial market

138. Subregional stock market activity experienced a sharp drop in the first quarter of 2020, following an increase in the previous quarter. The BRVM Composite index fell by 15.8% between December 2019 and March 2020, to close at 134.04 points. The BRVM10, which is the index of the ten most active stocks, dropped by 15.9% to 125.44 points at the end of March 2020. Similarly, on an annual basis, the two indexes were down by 26.4% and 23.2%, respectively.

Graph 16 - Trends in BRVM indicators



Source: BRVM

139. The downward trend in the stock market indexes during the quarter under review reflected the drops in all sectoral indexes: “Agriculture” (-19.6%), “Utilities” (-19.2%), “Retail” (-15.5%), “Finance” (-13.2%), “Industry” (-10.3%), “Transportation” (-5.9%) and “Other Sectors” (-1.1%).

140. The market capitalization of all securities listed on the market totaled 8,810.3 billion at the end of March 2020, a decline of 162.9 billion or 1.8% compared to the situation at the end of December 2019. This was due to a decrease in equity market capitalization (-711.7 billion or -15.0%) over the period, offset by an increase in bond market capitalization (+548.8 billion or +13.0%). In contrast, year-over-year analysis showed an increase of 421.6 billion or 5.0% in overall market capitalization.

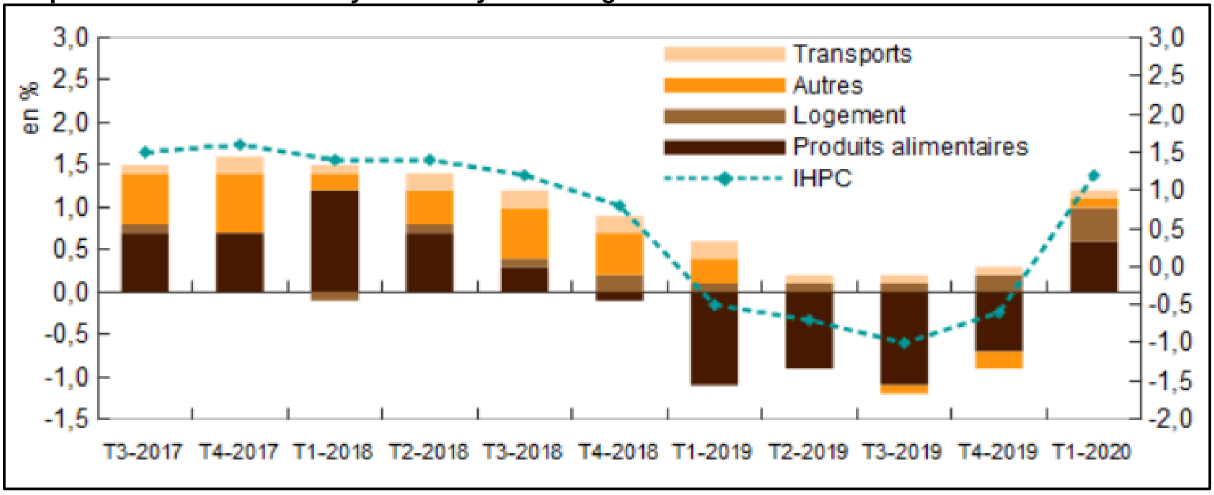
IV - INFLATION AND EXTERNAL COMPETITIVENESS

4.1 - Recent inflation trends

141. The year-on-year inflation rate in WAEMU stood at 1.2% in the first quarter of 2020, after -0.6% a quarter earlier. The increase in general price levels was mainly driven by the “Food” component, whose contribution to overall inflation rose from -0.7 percentage point in the fourth quarter of 2019 to 0.6 percentage point in the first quarter of 2020. The “Housing” component was the second largest source of price increases, contributing 0.4 percentage point compared to 0.2 percentage point in the previous quarter.

142. Increases in food prices were mainly reported in Benin, Côte d’Ivoire, Guinea-Bissau, and Senegal, in connection with higher prices for fishery products, tubers and plantains, due to the low supply on the markets. In addition, an increase in the price of cereal products was recorded in Sahelian countries, particularly in Niger, in connection with the decline in production. These changes in food prices also reflected the impact of the disruption of distribution channels due to the COVID-19 pandemic. During the month of March 2020, when mobility restrictions were introduced, food prices rose by 1.3%, contributing 0.8 percentage point to total inflation.

Graph 17- Contributions to year over year changes in the HICP in WAEMU



Source: BCEAO

143. The trend in the "Housing" component was mainly due to the increase in the price of solid fuels, particularly charcoal in Burkina Faso, Côte d'Ivoire, Mali and Togo, and gas in Mali.

144. The rise in overall consumer prices levels was, however, partially offset by rate reductions for communications services (-1.4%) in the framework of measures taken by mobile telephone companies in Mali and Niger in particular, in support of efforts to combat the coronavirus pandemic.

145. According to the breakdown by type, prices for goods rallied to 1.3% in the first quarter of 2020, after a decline of 1.4% a quarter earlier. This trend was mainly driven by the increase in food prices. Prices in the service sector experienced a slower pace of growth, standing at 1.0% in the first quarter of 2020, down 0.2 percentage point from the previous quarter.

146. The core inflation rate, which measures changes in the general level of prices excluding fresh produce and energy, was 1.0% year on year in the first quarter of 2020, compared to 0.1% in the previous quarter. On the other hand, prices for energy products rose by 3.5% in the first quarter of 2020, in connection with higher prices for charcoal, whose supply channels were disrupted by restrictions on movements between major cities. Added to this was the rise in pump prices during the quarter under review in some countries in the Union (Benin, Côte d'Ivoire, Guinea-Bissau, and Mali). Fresh produce prices rallied by 1.0% in the first quarter of 2020, after a 3.7% decline in the previous quarter.

Table 22 - Trends in inflation and its components

	Annual changes (%)			Contributions (in % points)		
	Q3-2019	Q4-2019	Q1-2020	Q3-2019	Q4-2019	Q1-2020
Inflation	**-1.0**	**-0.6**	**1.2**	**-1.0**	**-0.6**	**1.2**
Fresh produce	-5.5	-3.7	1.0	-1.4	-0.9	0.2
Energy	2.4	2.4	3.5	0.2	0.2	0.3
Core inflation	*0.3*	*0.1*	*1.0*	*0.2*	*0.1*	0.7
Food products	-2.5	-1.8	1.5	-1.1	-0.7	0.6
Alcoholic beverages	0.1	-0.5	0.0	0.0	0.0	0.0
Clothing	0.3	0.6	1.5	0.0	0.0	0.1
Housing	0.8	1.4	2.8	0.1	0.2	0.4
Furnishings	0.1	0.1	0.5'	0.0	0.0	0.0
Health	-0.9	-1.8	-1.0	0.0	-0.1	0.0
Transportation	0.8	0.7	1.4	0.1	0.1	0.1
Communication	-0.9	-1.9	-1.4	-0.1	-0.1	-0.1
Recreation and culture	0.5	-0.8	-2.0	0.0	0.0	0.0
Education	1.7	2.2	2.0	0.0	0.0	0.0
Restaurants and Hotels	-0.1	0.4	1.2	0.0	0.0	0.1
Other goods	0.8	0.5	0.3	0.0	0.0	0.0

Sources: BCEAO, NSIs

147. An analysis by country showed that the general price level followed an upward trend in all countries in the Union, except Mali and Burkina Faso.

Table 23 - Trends in inflation by country *(%)*

Country	2018 (*)	2019(*)	Q4-2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020
Benin	0.8	-0.9	-0.2	0.0	-2.1	-2.0	0.5	2.0
Burkina Faso	1.9	-3.2	0.9	-1.6	-2.9	-4.9	-3.2	-0.3
Côte d'Ivoire	0.6	0.8	0.8	0.6	0.9	0.7	1.0	2.3
Guinea-Bissau	0.4	0.2	1.7	2.4	-0.5	-0.1	-0.7	0.2
Mali	1.9	-3.0	0.8	-4.3	-2.4	-1.8	-3.6	-0.7
Niger	2.8	-2.5	1.2	-1.4	-3.3	-3.3	-2.0	0.5
Senegal	0.5	1.0	0.7	0.5	1.4	1.0	1.1	2.2
Togo	0.9	0.7	1.7	2.2	0.2	0.3	0.1	1.2
WAEMU	**1.2**	**-0.7**	**0.8**	**-0.5**	**-0.7**	**-1.0**	**-0.6**	**1.2**

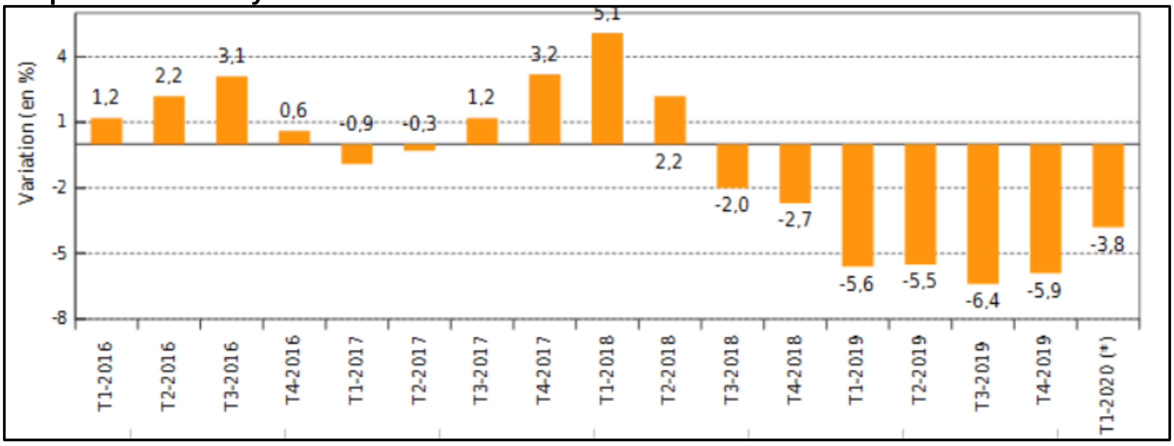
Sources: BCEAO, NSIs *(*): Annual average*

4.2 - External competitiveness

148. The real effective exchange rate (REER) fell by 3.8% in the first quarter of 2020 compared to the same period the previous year, following a decline of 5.9% in the previous quarter. This development reflects an increase in the Union's competitiveness, mainly linked to the inflation differential in WAEMU's favor (-2.2%) as compared to its partners, as well as the decrease in the nominal effective exchange rate (-1.6%).

149. The trend in the nominal effective exchange rate in the first quarter of 2020 mainly reflected the year-on-year depreciation of the CFA franc against the Swiss franc (-5.8%), the US dollar (-2.9%) and the naira (-2.8%). In contrast, the CFA franc appreciated against the South African rand (+6.4%) and the Ghanaian cedi (+4.5%). As for the inflation rate in the Union, it stood at 1.2% in the first quarter of 2020, compared to an average increase of 3.4% in partner countries.

Graph 18 - Year-on-year trends in the REER



Source: BCEAO *(*): estimates* *(-) for gain in competitiveness and (+) for loss in competitiveness*.

150. The table below shows the gains or losses in overall competitiveness with respect to partner groups.

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

	Year		Quarterly change			Annual change		
	2018	2019	Q3- 2019	Q4- 2019	Q1- 2020(*)	Q3- 2019	Q4- 2019	Q1- 2020(*)
Developed countries	0.8	-3.5	-0.8	-0.4	-0.3	-3.6	-3.5	-3.1
Eurozone	-0.7	-2.2	-0.5	-0.2	0.0	-2.3	-2.3	-1.9
Neighboring countries	-3.1	-11.9	-1.3	-2.4	-1.4	-11.1	-10.3	-10.4
Asian countries	3.1	-6.1	-2.3	-2.9	-1.4	-7.1	-7.6	-6.3
EU countries	-0.6	-2.2	-0.3	-0.6	0.0	-2.2	-2.6	-2.0
Emerging countries	3.5	-5.2	-2.1	-2.3	-1.6	-7.1	-8.0	-6.0
CEMAC	0.9	-1.3	1.1	-0.4	-0.9	-1.3	-1.6	-1.2
All	**0.8**	**-5.8**	**-1.7**	**-1.4**	**-0.5**	**-6.4**	**-5.9**	**-3.8**

Source: BCEAO. *(*) Estimates* *(+) REER appreciation or loss of competitiveness*
(-)REER depreciation or gain in competitiveness

V - INFLATION FORECASTS

151. Projections of the aggregate price level were based on the outlook for the international environment and domestic economic conditions. In particular, they were posited on inflation forecasts in the Eurozone, international food and oil prices, and the euro/dollar exchange rate. The outlook for food-crop production was also taken into account in the internal projections.

5.1 - Assumptions used for inflation forecasts

152. The assumptions used for the projections counted on a decline in world prices for petroleum products in 2020, followed by an increase in 2021 and 2022. The average price of crude oil (WTI) was expected to fall from $57 in 2019 to $26.5 in 2020 before rising to $31.7 in 2021 and $35.3 in 2022.[4] On the foreign exchange market, the euro is expected to average $1.09 in 2020, 2021, and 2022,[5] compared to $1.12 in 2019. The assumptions regarding imported inflation also took account of the outlook for the general level of world prices. In particular, the inflation rate in the Eurozone[6] is expected to drop from 1.2% in 2019 to 1.1% in 2020, before rising to 1.4% in 2021, and 1.6% in 2022. IMF forecasts showed an increase in world food prices between 2020 and 2022. After falling by 3.6% in 2019, prices are expected to rise by 2.9% in 2020, 2.1% in 2021 and 2.5% in 2022.

153. For cereal production in the Union, an increase of 5.0% was assumed for the 2020/2021 crop season, after an increase of 0.5% during the previous one.

154. In the light of the uncertainties surround global economic trends, two additional inflation scenarios, one higher and one lower, were developed to supplement the baseline scenario for the medium-term inflation outlook. These scenarios were built around the median projections, with margins of plus or minus 5 points (cereal production, imported food prices, exchange rates), or plus or minus 10 US dollars (price per barrel of crude oil).

Table 25 - Inflation projection assumptions *(%)*

	2019	**2020**			**2021**			**2022**		
		Low	Median	High	Low	Median	High	Low	Median	High
Barrel of oil (WTI, in dollars)	57.00	16.50	26.50	36.50	21.70	31.70	41.70	25.30	35.30	45.30
Euro/dollar exchange rate	1.12	1.14	1.09	1.04	1.14	1.09	1.04	1.14	1.09	1.04
Eurozone Inflation (%)	1.20	0.60	1.10	1.60	0.90	1.40	1.90	1.10	1.60	2.10
Food prices (%)	-3.60	-2.10	2.90	7.90	-2.90	2.10	7.10	-2.50	2.50	7.50
Cereal production in the Union (%)	-1.90	10.00	5.00	0.00	10.00	5.00	0.00	10.00	5.00	0.00

Sources: Bloomberg, ECB, BCEAO

4 Futures market data are provided by Bloomberg

5 ECB projections, March 2019

6 ECB forecasts, March 2019.

5.2 - Inflation profile over the next eight quarters

155. The forecasts presented in the following table reflect the low, high, and median assumptions.

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

		Year over year									Average			
		2020				**2021**				**2022**	**2019**	**2020**	**2021**	**Eight quarters**
		Q1 Actual	Q2 Fcst	Q3 Fcst	Q4 Fcst	Q1 Fcst	Q2 Fcst	Q3 Fcst	Q4 Fcst	Q1 Fcst				
Inflation rate	Lower scenario	1.2	1.4	1.8	1.8	1.3	1.3	1.4	1.3	1.4	-0.7	1.5	1.3	1.5
	Median scenario	1.2	1.6	2.1	2.2	1.8	1.9	2.0	2.1	2.2	-0.7	1.8	2.0	2.0
	Higher scenario	1.2	1.8	2.4	2.5	2.3	2.5	2.7	2.9	3.0	-0.7	2.0	2.6	2.5

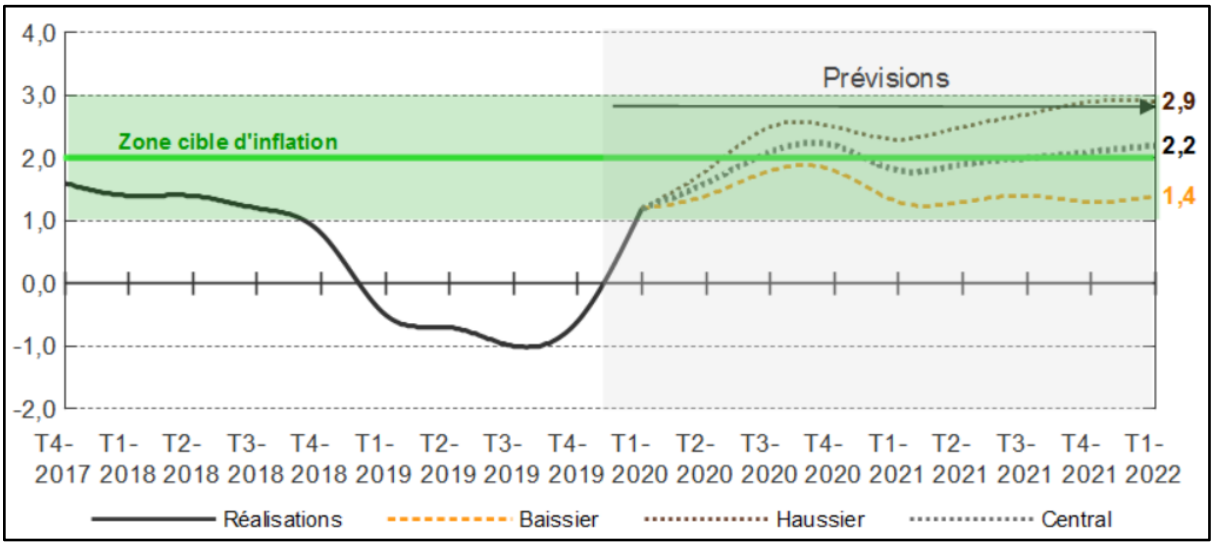
Source: BCEAO

156. According to the median scenario, the year-over-year inflation rate is projected at 1.6% in the second quarter of 2020, after reaching 1.2% in the first quarter of 2020, due to continued increases in the price of cereal products. The expected rise in the inflation rate in the second quarter of 2020 is due to the impact of the measures introduced by the authorities, notably mobility restrictions and the closure of markets.

157. For 2020 as a whole, the inflation rate was projected at 1.8%, up by 2.5 percentage points compared to 2019. The gradual increase in the rate of inflation in 2020 will reflect the slowdown in the pace of growth in food production in the upcoming crop season (-1.9% versus +9.0% previously forecast), as well as the projected upturn in prices of imported food products from 2020 onwards.

158. Looking ahead eight quarters, the inflation rate is expected to stand at 2.2%, within the comfort zone (between 1.0% and 3.0%) defined for the Union's monetary policy implementation.

Graph 19 - Inflation projections in WAEMU, year over year *(%)*



Source: BCEAO

5.3 - Risks to the inflation outlook

159. Risks to the inflation outlook over the next eight quarters depend on the extent and duration of the impact of the COVID-19 pandemic on supply and demand factors.

160. Downside risks could arise from a greater than anticipated decline in oil prices in an environment of weak global demand.

161. Upside risks could come from volatile imported food prices, linked to supply pressures. These risks could be exacerbated by climate disturbances as well as renewed security tensions that could affect local cereal production.

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APPENDICES

- **Table A.1 - WAMU: Central Bank summary statement**
- **Table A.2 - WAMU: Summary statement of banks**
- **Table A.3 - WAMU: Monetary aggregates**
- **Table A.4 - WAMU: Net claims on central governments**
- **Tables A.5 - Breakdown of inflation in WAEMU**

- **Table A.1 - WAMU: Central Bank summary statement**

Encours en milliards - FCFA	2018				2019				2020
	mars	mars	sept.	déc.	mars	mars	sept.	déc.	mars
Actifs extérieurs nets	7 504,8	7 594,8	6 461,9	6 584,5	6 815,1	6 944,5	6 487,3	8 272,4	8 066,5
Créances sur les non-résidents	9 403,3	9 632,0	8 561,2	8 565,7	8 879,3	9 047,0	8 702,7	10 361,7	10 257,5
Engagements envers les non-résidents	1 898,5	2 037,2	2 099,3	1 981,2	2 064,2	2 102,5	2 215,4	2 089,3	2 191,0
Créances sur les autres institutions de dépôt	3 841,5	3 607,0	3 673,3	4 196,2	4 315,5	4 262,6	4 531,1	4 710,1	5 162,4
Créances nettes sur l'administration centrale	-975,2	-135,4	241,0	293,3	44,2	-1,3	470,3	44,4	146,1
Créances sur l'économie	229,1	244,3	250,1	437,3	466,7	472,1	478,9	482,8	488,8
TOTAL ACTIF	**10 600,2**	**11 310,7**	**10 626,3**	**11 511,3**	**11 641,5**	**11 677,8**	**11 967,6**	**13 509,7**	**13 863,9**
Base monétaire	8 501,9	9 080,7	8 522,3	8 969,5	9 073,1	9 036,3	9 044,2	10 568,5	10 727,4
Circulation fiduciaire	6 548,1	6 646,0	6 424,8	6 969,9	7 071,8	7 019,7	6 883,3	7 751,2	7 990,9
Dépôts des banques	1 557,6	2 001,8	1 631,3	1 581,7	1 600,9	1 599,9	1 686,0	2 123,6	2 216,2
Engagements envers les autres secteurs (1)	396,2	432,9	466,1	417,9	400,3	416,8	474,8	693,7	520,3
Dépôts exclus de la base monétaire (2)	0,4	3,2	0,5	0,5	7,0	1,8	0,5	4,5	1,8
Actions et autres titres de participation	2 045,4	2 150,6	2 098,2	2 363,7	2 504,6	2 465,0	2 661,3	2 596,9	2 826,8
Autres postes (net)	52,5	76,3	5,3	177,6	56,8	174,6	261,5	339,9	307,8
TOTAL PASSIF	**10 600,2**	**11 310,7**	**10 626,3**	**11 511,3**	**11 641,5**	**11 677,8**	**11 967,6**	**13 509,7**	**13 863,9**

Source: BCEAO

(1) Dépôts ouverts dans les livres de la BCEAO au profit des unités du secteur détenteur de monnaie, notamment les établissements financiers et les agents de la Banque Centrale.

(2) Comptes de dépôt à caractère particulier ouverts dans les livres de la BCEAO par des sociétés non-financières publiques. Ces dépôts n'intègrent pas la définition de la monnaie au sens large.

- **Table A.2 - WAMU: Summary statement of banks**

Encours en milliards - FCFA	2018				2019				2020
	mars	mars	sept.	déc.	mars	mars	sept.	déc.	mars
Actifs extérieurs nets	**-720,6**	**-1 417,5**	**-1 368,8**	**-1 209,4**	**-1 101,5**	**-1 183,7**	**-1 172,2**	**-981,5**	**-1 058,2**
Créances sur les non-résidents	791,2	676,4	592,3	760,8	694,0	792,3	702,7	868,7	892,5
Engagements envers les non-résidents	-1 511,7	-2 093,9	-1 961,1	-1 970,2	-1 795,5	-1 976,1	-1 874,9	-1 850,2	-1 950,8
Créances sur la Banque Centrale	**2 063,5**	**2 559,3**	**2 189,7**	**2 233,9**	**2 185,7**	**2 417,2**	**2 351,4**	**2 804,7**	**3 025,7**
Créances nettes sur l'administration centrale	**7 082,8**	**6 765,3**	**7 244,9**	**7 849,6**	**7 965,7**	**7 813,6**	**8 269,8**	**8 102,9**	**9 190,0**
Créances sur l'économie	**19 929,6**	**20 055,0**	**20 245,1**	**21 474,1**	**21 297,0**	**22 188,8**	**21 975,6**	**23 025,4**	**22 683,9**
Créances sur les autres sociétés financières	1 029,9	1 060,6	946,7	856,2	806,8	726,7	703,5	802,3	749,7
Créances sur les sociétés non-financières publiques	17 405,5	17 706,0	17 878,7	18 861,3	18 670,2	19 372,4	19 509,1	20 373,6	20 034,9
Créances sur le secteur privé	**-720,6**	**-1 417,5**	**-1 368,8**	**-1 209,4**	**-1 101,5**	**-1 183,7**	**-1 172,2**	**-981,5**	**-1 058,2**
TOTAL ACTIF									
Engagements envers la banque centrale	3 370,7	3 421,0	3 431,5	3 707,3	3 906,3	4 231,2	4 377,4	4 537,2	4 821,1
Dépôts transférables inclus dans la masse monétaire	10 515,0	10 710,8	10 687,0	11 636,1	11 449,2	11 953,9	11 637,6	12 638,0	12 707,1
Autres dépôts inclus dans la masse monétaire	8 513,4	8 586,4	8 860,1	9 127,4	9 281,8	9 494,7	9 704,1	10 029,9	10 265,9
Dépôts exclus de la masse monétaire au sens large	865,1	873,9	875,3	952,0	975,9	1 022,1	1 080,2	1 080,5	1 111,0
Titres autres qu'actions exclus de la masse monétaire	13,4	19,8	13,4	2,6	2,6	2,7	2,9	21,9	28,5
Emprunts	842,1	540,8	653,4	749,7	858,0	1 287,6	776,8	1 154,7	814,3
Actions et autres titres de participation	3 012,1	2 893,7	2 980,5	3 108,8	3 164,2	3 273,8	3 383,0	3 540,4	3 714,0
Autres postes (net)	1 223,6	915,8	809,6	1 064,3	709,0	-30,1	462,8	-51,0	379,4
TOTAL PASSIF									

Source: BCEAO

● Table A.3 - WAMU: Monetary aggregates

En milliards de FCFA	2018				2019				2020
	mars	mars	sept.	déc.	mars	mars	sept.	déc.	mars
Circulation fiduciaire	5 920,1	5 954,9	5 745,6	6 275,9	6 373,6	6 269,1	6 134,4	6 942,0	7 168,6
Dépôts à vue	11 047,6	11 273,9	11 249,7	12 189,3	12 061,9	12 537,4	12 252,9	13 227,7	13 332,0
M1	16 967,7	17 228,8	16 995,3	18 465,2	18 435,5	18 806,5	18 387,4	20 169,7	20 500,6
Autres dépôts inclus dans la masse monétaire (1)	8 630,8	8 718,6	9 024,7	9 261,7	9 345,5	9 609,7	9 847,1	10 430,8	10 458,3
MASSE MONETAIRE (M2)	**25 598,5**	**25 947,4**	**26 020,0**	**27 726,8**	**27 781,0**	**28 416,2**	**28 234,5**	**30 600,5**	**30 958,9**
Actifs extérieurs nets	6 784,2	6 177,3	5 093,1	5 375,1	5 713,6	5 760,8	5 315,1	7 290,9	7 008,3
Banque Centrale	7 504,8	7 594,8	6 461,9	6 584,5	6 815,1	6 944,5	6 487,3	8 272,4	8 066,5
Banques	-720,6	-1 417,5	-1 368,8	-1 209,4	-1 101,5	-1 183,7	-1 172,2	-981,5	-1 058,2
Créances intérieures	26 236,1	26 896,5	27 950,6	30 021,8	29 744,5	30 443,3	31 165,2	31 626,3	32 475,9
Créances nettes sur l'administration centrale	6 077,3	6 597,3	7 455,5	8 110,5	7 980,9	7 782,4	8 710,7	8 118,1	9 303,2
Créances sur les autres secteurs	20 158,7	20 299,3	20 495,2	21 911,4	21 763,6	22 660,9	22 454,5	23 508,2	23 172,7
Passifs à caractère non monétaire (2)	6 778,6	6 482,0	6 621,3	7 177,3	7 512,3	8 053,0	7 904,7	8 398,8	8 496,4
Autres postes nets (3)	643,2	644,5	402,5	492,8	164,8	-265,2	341,1	-82,1	28,9
TOTAL DES CONTREPARTIES DE M2 (4)	**25 598,5**	**25 947,4**	**26 020,0**	**27 726,8**	**27 781,0**	**28 416,2**	**28 234,5**	**30 600,5**	**30 958,9**

Source: BCEAO

(1) Dépôts à terme et comptes d'épargne à régime spécial ouverts auprès des banques, dépôts rémunérés ouverts dans les livres de la Banque Centrale.

(2) Composés des actions et autres participations dans les institutions de dépôt et de leurs engagements non-monétaires envers les autres secteurs.

(3) Composé des ajustements de consolidation et de la balance nette des actifs non-classifiés notamment les éléments divers et les actifs non-financiers.

● Table A.4 - WAMU: Net claims on central governments

En milliards de FCFA	2018				2019				2020
	mars	mars	sept.	déc.	mars	mars	sept.	déc.	mars
Créances nettes de la BCEAO	**-1 005,5**	**-168,0**	**210,6**	**260,8**	**15,1**	**-31,2**	**440,9**	**15,2**	**113,2**
Créances	**1 861,1**	**1 943,5**	**1 918,2**	**1 978,3**	**1 952,3**	**1 955,7**	**2 002,9**	**2 061,1**	**2 079,7**
Crédits	1 848,9	1 930,4	1 903,3	1 962,6	1 939,9	1 942,2	1 988,3	2 045,0	2 067,4
Concours adossés aux DTS	137,6	119,1	100,4	79,5	60,6	#N/D	22,2	20,5	18,8
Découverts statutaires consolidés	226,9	226,2	225,5	224,8	224,0	#N/D	222,6	221,8	221,1
Concours du FMI	1 236,6	1 337,3	1 332,5	1 416,0	1 413,0	#N/D	1 501,2	1 560,5	1 585,2
Autres concours de Gouvernements étrangers (1)	5,5	5,5	2,7	0,0	0,0	#N/D	0,0	0,0	0,0
Autres créances (2)	242,3	242,3	242,3	242,3	242,3	#N/D	242,3	242,3	242,3
Engagements	**2 866,6**	**2 111,5**	**1 707,5**	**1 717,4**	**1 937,1**	**1 986,9**	**1 562,0**	**2 045,9**	**1 966,5**
Encaisses du Trésor	30,2	32,6	30,4	32,5	29,1	29,9	29,4	29,2	32,9
Dépôts	2 817,8	2 051,5	1 634,0	1 624,5	1 891,7	1 924,3	1 483,0	1 947,7	1 911,4
Autres engagements (3)	18,5	27,4	43,1	60,5	16,4	32,7	49,6	69,0	22,2
Créances nettes des banques	**7 082,8**	**6 765,3**	**7 244,9**	**7 849,6**	**7 965,7**	**7 813,6**	**8 269,8**	**8 102,9**	**9 190,0**
Créances	**9 121,1**	**9 086,5**	**9 455,1**	**10 130,2**	**10 417,3**	**10 371,5**	**10 897,1**	**11 048,1**	**12 209,8**
Crédits	1 395,0	1 232,1	1 563,3	1 821,3	1 966,3	2 065,3	2 113,4	2 219,6	2 423,0
Portefeuille de titres du Trésor	7 726,0	7 854,4	7 891,8	8 308,9	8 389,1	8 306,2	8 783,7	8 828,0	9 786,3
Engagements	**2 038,3**	**2 321,2**	**2 210,2**	**2 280,5**	**2 451,5**	**2 557,9**	**2 627,3**	**2 945,2**	**3 019,8**
TOTAL CREANCES NETTES SUR L'ADMINISTRATION CENTRALE	**6 077,3**	**6 597,3**	**7 455,5**	**8 110,5**	**7 980,9**	**7 782,4**	**8 710,7**	**8 118,1**	**9 303,2**

Source: BCEAO

(1) Le concours koweïtien à l'Etat du Sénégal.

(2) Les dépenses pour le compte des Etats à récuprérer, les taxes à recupérer, les créances diverses sur les Etats.

• Table A.5 - Breakdown of inflation in WAEMU

Table A 5-1: Year-on-year price changes based on geographical origin

	Components	Weighting (%)	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020
Annual change (in %)	Local	70	-0.5	-0.7	-1.3	-0.8	1.3
	Imported	30	-0.8	-0.8	-0.5	-0.2	1
Contributions (in % points)	Local	70	-0.3	-0.5	-0.9	-0.5	0.9
	Imported	30	-0.2	-0.2	-0.1	-0.1	0.3
	Total	**100**	**-0.5**	**-0.7**	**-1**	**-0.6**	**1.2**
Sources: BCEAO, NSIs.							

Table A 5-2: Change in prices of goods and services (year over year)

	Components	Weighting (%)	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020
Change (in %)	Goods	70.7	-0.7	-1.5	-1.9	-1.4	1.3
	Services	29.3	0.1	1.2	1.2	1.2	1
Contributions (in % points)	Goods	70.7	-0.5	-1.1	-1.4	-1	0.9
	Services	29.3	0	0.4	0.4	0.4	0.3
	Total	**100**	**-0.5**	**-0.7**	**-1**	**-0.6**	**1.2**
Sources: BCEAO, NSIs.							

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