



BCEAO

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

**REPORT ON MONETARY POLICY IN THE WEST
AFRICAN MONETARY UNION**

March 2020



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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:	Inter-State Committee for drought Control in the Sahel
CPI:	Consumer Price Index
ECB:	European Central Bank
ECOWAS:	Economic Community of West African States
FAO:	United Nations Food and Agriculture Organization
FED:	Federal Reserve System
FOB:	Free on Board
GDP:	Gross Domestic Product
HICP:	Harmonized Index of Consumer Prices
IMF:	International Monetary Fund
INSEE:	French National Institute of Statistics and Economic Studies
IPI:	Industrial Production Index
LBUBC:	Large Businesses Using Bank Credit
MPC:	Monetary Policy Committee
NEA:	Net external assets
NSIs:	National Statistics Institutes
NYMEX:	New York Mercantile Exchange
OECD:	Organisation for Economic Co-operation and Development
OPEC:	Organization of the Petroleum Exporting Countries
PBoC:	People's Bank of China
Pps:	Percentage points
RBI:	Reserve Bank of India
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

SUMMARY

1. *In the fourth quarter of 2019, global economic activity remained sluggish, amid continuing geopolitical tensions. The major advanced countries, with the exception of the United States, experienced growth slowdowns.*
2. *The World Economic Outlook (WEO), published in January 2020 by the IMF, reported a generalized economic slowdown in 2019, with growth of 2.9%, after 3.6% in 2018. A slight recovery was expected in 2020 at 3.3% and in 2021 at 3.4%.*
3. *International commodity market prices generally increased in the quarter under review, following declines in the previous quarter.*
4. *Inflation rates rose during the quarter in both advanced and major emerging economies. However, they generally remained below central bank targets.*
5. *Against this backdrop, most central banks in advanced and emerging economies maintained an accommodative monetary policy stance to bolster economic activity. In West and Central Africa in particular, central banks left their monetary policy instruments unchanged.*
6. *On the foreign exchange market, the euro experienced contrasting developments against the major currencies in the fourth quarter of 2019. The euro appreciated by 2.0% against the Japanese yen, 0.9% against the US dollar and 0.2% against the Swiss franc over the quarter. On the other hand, it depreciated by 5.3% against the pound sterling.*
7. *At the WAEMU level, economic activity slowed slightly in the fourth quarter of 2019, with a year-on-year GDP growth rate of 6.5%, after 6.7% in the previous quarter. Economic growth continued to be driven mainly by domestic demand. For 2019 as a whole, growth in the GDP was estimated at 6.6%, the same as in 2018.*
8. *Inflation in the Union remained negative, standing at -0.6%, year over year, after -1.0% in the previous quarter. The continued downward trend in consumer prices was due to a decline in food prices in most WAEMU countries, driven in particular by lower external demand from countries with tense security situations. Core inflation was 0.1% year on year, down from 0.3% in the previous quarter.*
9. *Management of public finances in the Union's Member States during 2019 was characterized by control of public expenditure, particularly current expenditure, combined with improved revenue collection. These fiscal consolidation efforts resulted in the reduction of the overall deficit, on a commitment basis including grants, to 3.0% of GDP from 3.8% in 2018.*
10. *In the fourth quarter of 2019, foreign trade in the Union was marked by a trade deficit of 166.5 billion, down 127.1 billion compared to the same period in 2018, as the year-on-year growth rate of exports (+10.9%) was higher than that of imports (+7.3%). On the other hand, over 2019, the Union's trade deficit deteriorated compared to 2018 by 289.7 billion or 0.4 percentage points of GDP.*

-
11. *In monetary terms, annual growth in the Union's money supply was stronger at the end of December 2019 (+10.4% compared to 8.5% at the end of September 2019), in conjunction with the consolidation of net external assets (+37.6%), combined with an increase in domestic claims (+1.8%). Claims on the economy increased by 7.8% year over year, as at the end of December 2019. The Union's foreign exchange reserves were up by 1,659.1 billion in the final quarter of 2019, providing coverage for 5.7 months of imports of goods and services at the end of December 2019, compared with 4.8 months at the end of September 2019.*
 12. *On the money market, the weighted average rate of weekly liquidity injection operations stood at 3.38% compared to 3.15% in the previous quarter. Similarly, on the one-month window, the weighted average rate was 4.02%, compared to 3.48% the quarter before. The quarterly average rate for weekly tenders also rose to 2.98% from 2.70%. On the one-week maturity of the interbank market, the weighted average interest rate increased slightly to 4.36%, from 4.31% in the previous quarter.*
 13. *On the government securities market, the average rate on Treasury bills issued by the Union's Member States, across all maturities, rose by 15 basis points to 5.08% in the fourth quarter of 2019 from 4.93% a quarter earlier.*
 14. *In terms of banks' lending conditions, the cost of bank credit dropped to 6.52% in the fourth quarter of 2019, 19 basis points below its level in the previous quarter.*
 15. *Looking ahead, the forecast for the Union's economic accounts shows GDP growth of 6.6% in 2020, the same as in 2019.*
 16. *The year-on-year inflation rate was projected at 0.3% for the first quarter of 2020. Over an eight-quarter horizon, it is projected to reach 1.6%.*

I - GLOBAL ECONOMIC ENVIRONMENT

1.1 - Economic activity

1. In the fourth quarter of 2019, global economic activity remained sluggish, amid continuing geopolitical tensions. The major advanced countries, with the exception of the United States, experienced growth slowdowns.

Table 1 - Trends in real GDP growth (%)

	2017	2018	2019	2017				2018				2019			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4*
Advanced economies	<i>(over one year)</i>			<i>(year over year)</i>											
United States	2.4	2.9	2.3	2.1	2.2	2.4	2.8	2.9	3.2	3.1	2.5	2.7	2.3	2.1	2.3
Eurozone	2.7	1.9	1.2	2.2	2.6	2.9	3.0	2.6	2.2	1.6	1.2	1.4	1.2	1.3	1.0
Germany	2.8	1.5	0.5	2.4	2.3	3.0	3.4	2.3	2.1	1.1	0.6	1.0	0.3	0.6	0.4
France	2.4	1.7	1.3	1.4	2.4	2.8	3.0	2.4	1.9	1.5	1.2	1.3	1.5	1.4	0.8
United Kingdom	1.9	1.3	1.4	2.2	1.9	1.8	1.6	1.1	1.3	1.6	1.4	2.0	1.3	1.2	1.1
Emerging economies															
China	6.8	6.6	6.1	6.8	6.8	6.7	6.7	6.8	6.7	6.5	6.4	6.4	6.2	6.0	6.0
India	6.7	6.8	5.3	6.1	6.0	6.8	7.7	7.7	7.1	6.2	5.1	5.8	5.6	5.1	4.7
Brazil	1.3	1.2	1.2	0.4	0.9	1.6	2.4	1.5	1.1	1.5	1.2	0.6	1.1	1.2	1.7
Russia	1.5	2.3	1.1	0.6	2.5	2.2	0.9	1.9	2.2	2.2	2.7	0.5	0.9	1.7	1.5
South Africa	1.4	0.8	0.1	1.1	1.6	1.6	1.4	0.7	0.1	1.3	1.1	0.0	0.9	0.1	-0.5
Neighboring countries															
Ghana	8.2	6.3	6.3	7.4	11.1	8.7	5.5	5.4	5.4	7.4	6.8	6.7	5.7	5.6	6.7
Nigeria	0.8	1.9	2.3	-0.9	0.7	1.2	2.1	1.9	1.5	1.8	2.4	2.1	2.1	2.3	2.5

Sources: OECD, Eurostat, IMF

(*): Bloomberg forecasts and estimates

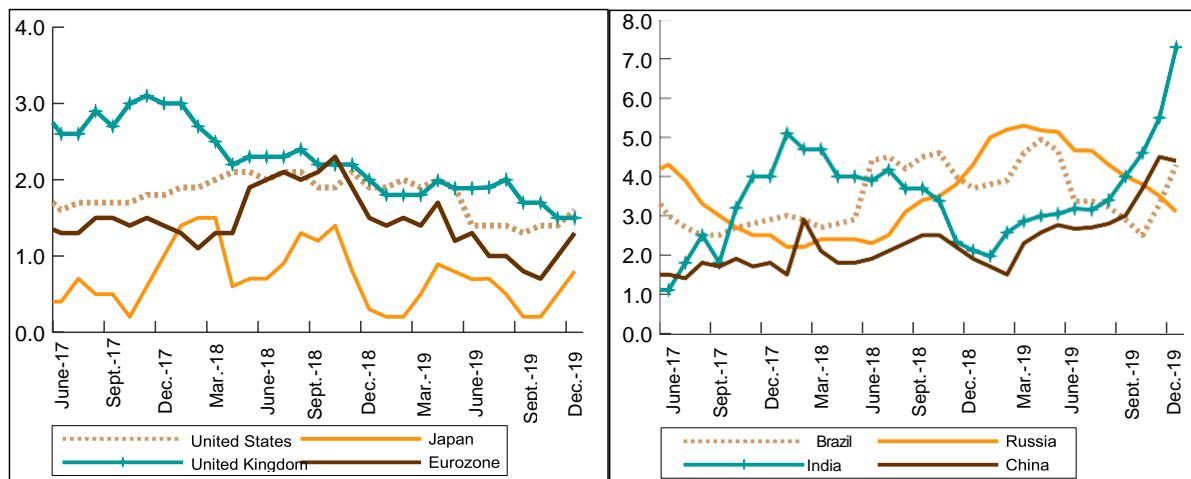
- GDP growth in the United States picked up slightly in the fourth quarter of 2019, ringing in at 2.3%, year over year, after 2.1% in the previous quarter. Growth was driven by strong household spending and real estate investment. The buoyancy of domestic demand was supported by rising wages and the further easing of the Fed's monetary policy.
- In the Eurozone, GDP growth weakened in the fourth quarter of 2019 to 1.0%, year on year, versus 1.3% in the third quarter. Brexit-related uncertainties, low external demand, and sluggishness in the manufacturing sector limited growth in investment and exports. Germany and France in particular experienced downturns in their economic activity.
- Economic indicators in emerging economies showed a moderate economic recovery over the quarter. In China, year-on-year GDP growth was 6.0%, stable compared to the previous quarter. Fiscal stimulus measures and a reduction in the level of reserve requirements for banks helped support growth in lending and demand amidst trade tensions with the US. In India, growth fell for the third consecutive quarter, from 5.1% to 4.7%, as domestic demand slowed.

5. In Nigeria, the main trading partner of WAEMU Member States in the West African sub-region, GDP growth was stronger in the fourth quarter of 2019, rising to 2.5%, after 2.3% a quarter earlier.
6. According to the latest World Economic Outlook (WEO) released by the IMF in January 2020, global growth is expected to slow further from 3.6% in 2018 to 2.9% in 2019, its lowest level since the 2008 financial crisis. The forecast calls for growth in world production to pick up slightly, reaching 3.3% in 2020 (-0.2 pp from the October 2019 projection) and 3.4% in 2021.
7. In the United States, growth is expected to slow from 2.3% in 2019 (-0.1 pp) to 2.0% in 2020 (-0.1 pp) and then to 1.7% in 2021, as the impact of the fiscal stimulus fades. In the Eurozone, the pace of economic growth is expected to rise slightly to 1.3% in 2020 (-0.1 pp) and 1.4% in 2021, after 1.2% in 2019, in line with the expected increase in external demand. In the United Kingdom, growth is expected to strengthen gradually to 1.4% in 2020 (unchanged from the October 2019 WEO) and then to 1.5% in 2021, after 1.3% in 2019 (+0.1 pp).
8. In emerging and developing countries, the pace of economic growth is expected to slow in 2019 to 3.7% (-0.2 pp), after 4.5% in 2018. However, it should strengthen to 4.4% in 2020 and 4.6% in 2021 (-0.2 pp variations in both years compared to the October 2019 WEO). The downward revisions of the economic outlook are connected with several factors, primarily including the reassessment of projections for certain countries facing domestic issues, particularly India, and the structural slowdown in China.
9. In sub-Saharan Africa, growth is expected to rise from 3.3% in 2019 (+0.1 pp) to 3.5% in 2020-2021 (-0.1 pp and -0.2 pp compared to the projections made in October 2019). This change in the outlook mainly reflects the downward revision of projections for South Africa and Ethiopia. Growth in the South African economy is expected to remain depressed at 0.4% in 2019 (-0.3 pp), before improving slightly to reach 0.8% in 2020 (-0.3 pp) and 1.0% in 2021 (-0.4 pp), in connection with structural constraints (strikes, insufficient electricity supply, etc.). In Nigeria, on the other hand, growth is expected to increase from 2.3% in 2019 to 2.5% (unchanged) in 2020 and 2021.
10. These prospects for the world economy are subject to several downside risk factors, which are, however, less pronounced than those reported in the IMF evaluation in October 2019. In the short term, rising geopolitical tensions, particularly between the United States and Iran, could disrupt the global oil supply, dampen market confidence, and weaken already sluggish business investments. In addition, heightened social unrest in many countries could disrupt the economy, complicating reform efforts and leading to lower-than-expected growth. Furthermore, renewed tensions, particularly between the US and its trading partners, despite satisfactory progress in the ongoing negotiations between the US and Chinese authorities, could jeopardize the nascent recovery in global production and trade, resulting in lower growth. Similarly, a fresh outbreak of natural disasters and a sudden and widespread tightening of financial conditions would undermine global growth. Over the medium term, risks associated with climate change, which are on the rise, could severely affect global production.

1.2 - Inflation

11. During the fourth quarter of 2019, inflation rates rose in both advanced and major emerging economies. However, they generally remained below central bank targets.

Graph 1 - Trends in the inflation rate in advanced and emerging countries (%)



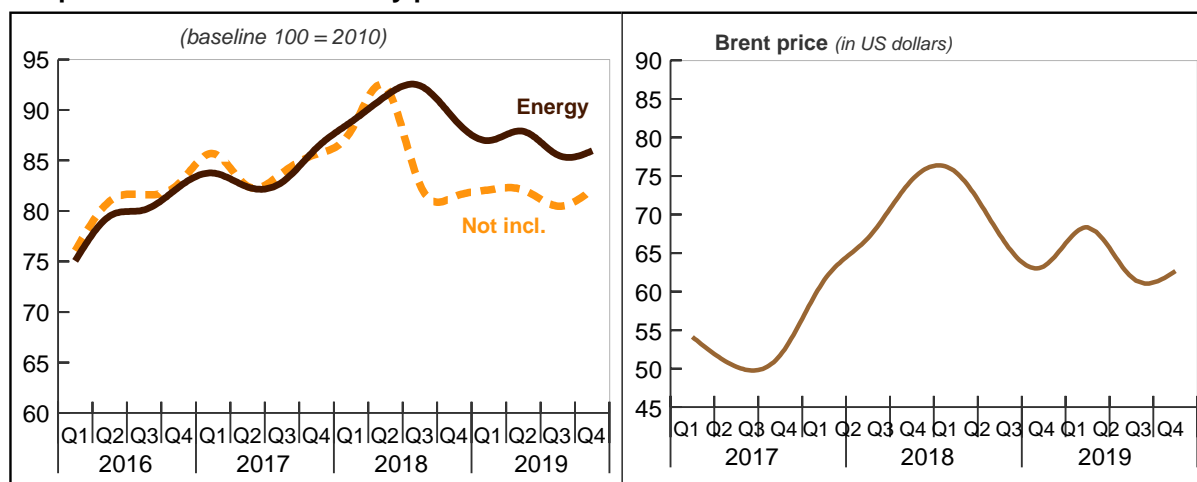
Source: IMF

12. In the Eurozone, inflation increased to 1.3% at the end of December 2019, on a year-over-year basis, after 0.8% three months earlier, but remained below the target set by the European Central Bank. Similarly, in the United States, inflation, as measured by the Personal Consumption Expenditure index, rose to 1.6% at the end of December 2019, after 1.3% three months earlier, below the Fed's 2% target. In the UK, on the other hand, the inflation rate registered a slight drop from 1.7% to 1.5% between September and December 2019, below the Bank of England's target rate of 2.0%.
13. In the major emerging economies, inflation rose during the period under review. In China, prices rose by 4.4% year-on-year, up from 3.0% three months earlier. Similarly, in India and Brazil, the year-on-year inflation rate rose to 7.3% and 4.3%, respectively, in December 2019, from 4.0% and 2.9% in September 2019. In Russia, however, price increases slowed further, with the inflation rate out at 2.9% in December 2019, against 3.1% three months prior.
14. In WAEMU's trading partner countries in the West African subregion, inflationary pressures persist. In Nigeria, the inflation rate rose to 12.0% on a year-over-year basis in December 2019, compared to 11.2% in September 2019. In Ghana, the inflation rate increased from 7.6% to 7.9% over the same period.
15. According to the IMF's latest World Economic Outlook, the annual average inflation rate in advanced economies is expected to rise to 1.7% and 1.9% in 2020-2021, after 1.4% in 2019. In emerging economies and developing countries, annual average inflation is expected to fall to 4.6% in 2020 and 4.5% in 2021, after reaching 5.1% in 2019.

1.3 - Commodity prices

16. Commodity prices rallied overall during the fourth quarter of 2019.

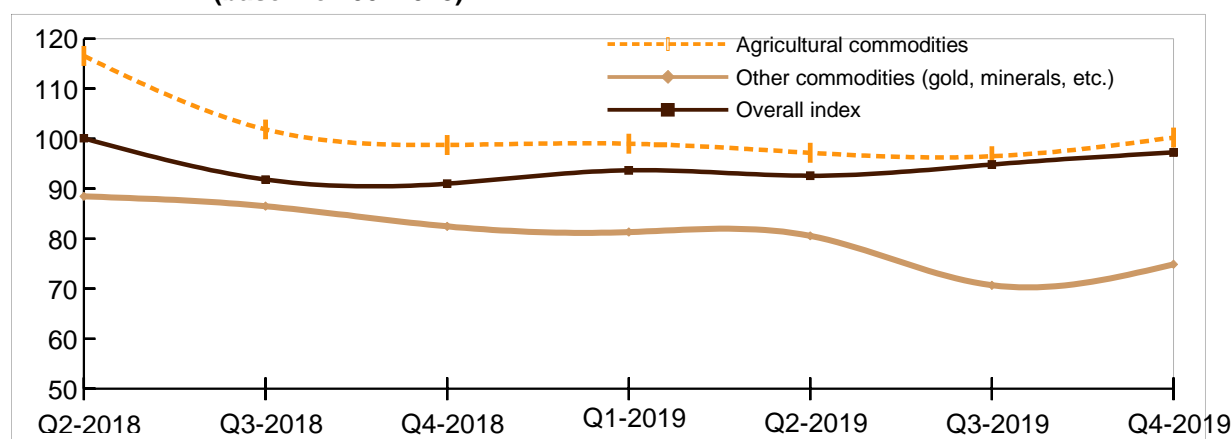
Graph 2 - Trends in commodity price indexes



Sources: World Bank, Bloomberg

17. According to World Bank data, energy prices experienced an upturn, rising 1.7% on a quarterly basis in the fourth quarter of 2019, following a decrease of 8.4% in the previous quarter. This increase was mainly linked to the rise in crude oil prices (+1.0%) and gas prices (+9.7%). In particular, Brent and WTI prices rose, on average, by 1.3% and 1.2% respectively, from one quarter to the next.
18. The jump in oil prices was due to rising geopolitical tensions in the Middle East as well as the new production cuts announced by OPEC members.
19. The trend in non-energy commodity prices was also reversed, increasing by 2.1%, following a 2.0% decline in the previous quarter. This development was due to the rise in prices for agricultural products (+4.4%), especially food products (+4.9%) and wood (+3.0%), partially offset by a decline in prices for fertilizers (-7.0%) and metals and minerals (-1.8%) over the period. Prices of precious metals continued to rise, with a 0.7% increase over the quarter.
20. In the wake of these developments, the price index for non-energy commodities exported by the Union's countries rose by 2.5% in the fourth quarter of 2019, after an increase of 2.4% in the previous quarter. The most significant price rises applied to palm kernel oil (+31.2%), palm oil (+26.9%), cotton (+7.8%), cocoa (+7.1%), rubber (+2.2%) and gold (+0.6%). This trend was partially offset by declines in prices for cashew nuts (-14.3%), phosphates (-4.9%) and Robusta coffee (-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

21. Oil prices have been buoyed by the recovery in world demand, particularly from Asia, combined with low stocks in Malaysia. Cotton prices rose due to a decrease in world production and steady demand.
22. Cocoa prices resumed their upward trend, owing to a slowdown in production in West Africa, combined with strong global demand.
23. Gold has benefited slightly from its safe-haven status, in connection with rising tensions in the Middle East, particularly between the US and Iran.
24. Cashew prices have fallen due to sluggish world demand. Phosphate prices have continued their downward trend, due to increases in production at the main mining sites.

Table 2 - Prices of commodities exported by WAEMU countries

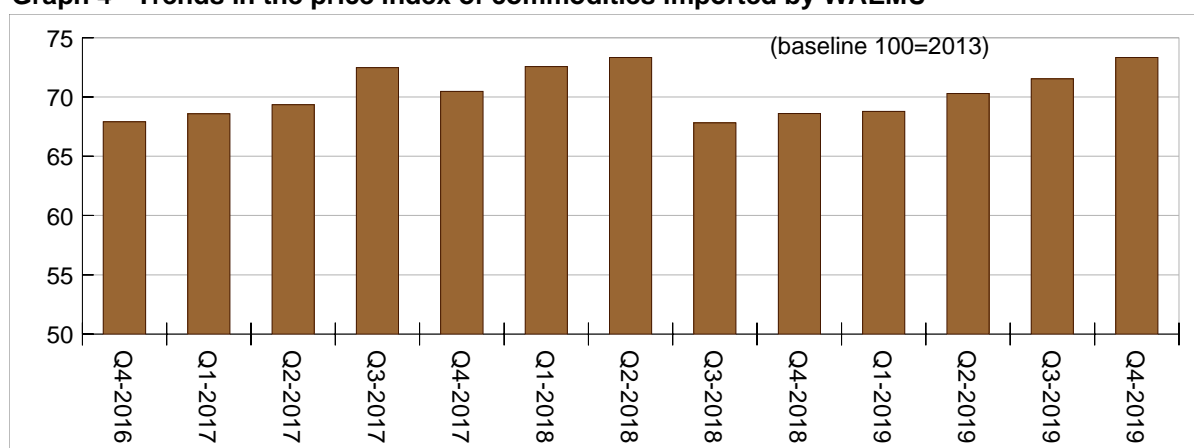
	Av. prices Q4-2019				Quarterly change		Year over year	
	Unit	in foreign currencies	Unit	In CFA Francs	Prices in foreign currencies	Prices in CFA F	Prices in foreign currencies	Prices in CFA F
Crude oil (NYMEX)	\$/barrel	57.1	ton	241,503.3	1.2	1.6	-3.2	-0.2
Robusta coffee (ICO)	cents/lb.	69.7	kg	910.6	-0.7	-0.3	-14.4	-11.8
Cocoa (ICCO)	cents/lb.	111.9	kg	1,462.3	7.1	7.5	13.5	17.0
Cotton (NY #2)	cents/lb.	65.9	kg	861.1	7.8	8.3	-16.0	-13.4
Palm oil	\$/metric ton	680.7	kg	403.2	26.9	27.3	22.9	26.6
Palm kernel oil	\$/metric ton	782.0	kg	463.1	31.2	31.6	5.5	8.7
Rubber	eurocents/kg	132.0	kg	866.1	2.2	2.2	8.5	8.5
Phosphates	\$/metric ton	74.7	ton	44,241.7	-4.9	-4.5	-20.8	-15.8
Cashew nuts	\$/metric ton	906.9	kg	537.4	-14.3	-13.9	-36.0	-34.0
Gold	\$/ounce	1,482.2	gram	30,980.6	0.6	0.9	20.6	24.3

Sources: National marketing authorities, BCEAO calculations

25. On an annual basis, drops were reported in international prices for cashew nuts (-36.0%), cotton (-16.0%), coffee (-14.4%) and oil (-3.2%). In contrast, increases were recorded in prices for palm oil (+22.9%), gold (+20.6%), cocoa (+13.5%), rubber (+8.5%) and palm kernel oil (+5.5%).

26. Prices for the commodities exported by the countries of the Union that were valued in CFA francs experienced similar trends to those expressed in foreign currencies.
27. The price index for the main foodstuffs imported by WAEMU countries rose by 2.5% in the fourth quarter of 2019, after growth of 1.8% in the previous quarter. This trend was driven by increases in the prices of soybean oil (+9.6%), wheat (+7.5%), sugar (+4.7%) and rice (+4.0%). It was partially offset by a 2.1% drop in corn prices.

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



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

28. Soybean oil prices were buoyed by poor weather conditions in some production areas and the anticipation of increased demand with the prospects of a trade agreement between the United States and China, the world's largest soybean oil importer.
29. Wheat prices were affected by fears of deteriorating weather conditions in North America, which could lead to a decline in production.
30. The increase in rice prices was due to strong demand, particularly in Africa. It was further buoyed by concerns about world production in 2019, due to heavy rains in Southeast Asia, particularly Thailand and the Philippines. The increase in sugar prices was due to expectations that world demand would rise to a level exceeding production.
31. In contrast, the decline in the price of corn was mainly due to an abundant supply and high stocks on the market.
32. Year over year, the price index for the main foodstuffs imported by WAEMU countries rose by 6.9% in the fourth quarter of 2019, after rising by 5.5% in the previous quarter. This price hike was driven by increases in the prices of rice (+13.9%), soybean oil (+10.6%), corn (+2.8%), wheat (+2.0%) and sugar (+1.3%).

1.4 - International monetary and financial conditions

1.4.1 - Central Bank actions

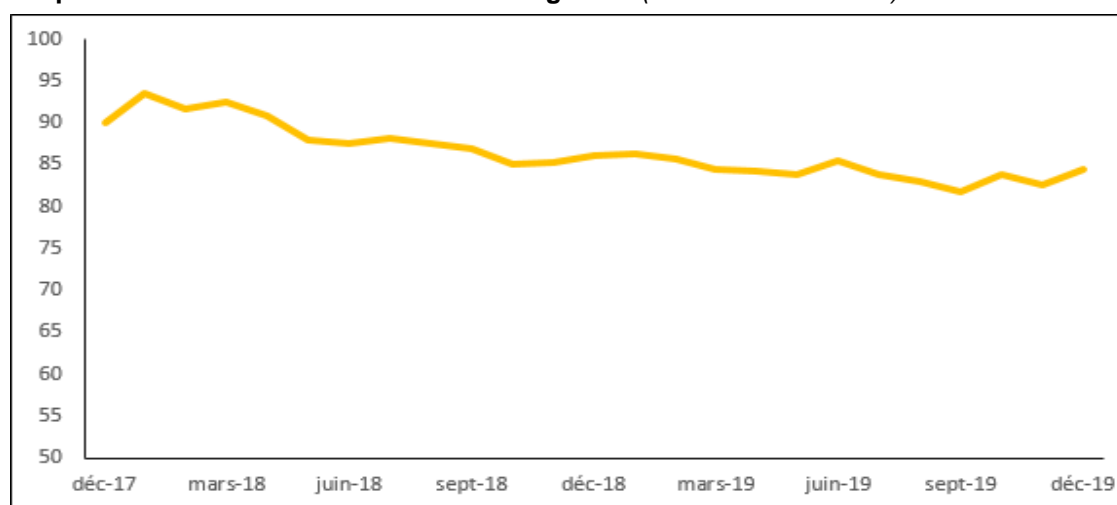
33. Amid sluggish global economic activity, low inflation, and prospects for a moderate recovery in growth, most advanced and emerging-market central banks have maintained their accommodative monetary policy stance. In West and Central Africa in particular, central banks left their monetary policy instruments unchanged.

-
34. In the United States, the Federal Reserve (Fed) decided to lower the federal fund target range by 25 basis points (bps) to 1.50-1.75% in the fourth quarter of 2019. The Fed announced on January 29, 2020, that it would hold rates steady for some time and that a persistent and significant increase in inflation would be required for it to consider an increase. In addition, it emphasized that its current policy stance was suitable and that it would continue to monitor the implications of ongoing developments on the economic outlook and inflationary pressures, to support economic expansion, a strong labor market, and inflation converging to the 2.0% target.
 35. In the Eurozone, the Governing Council of the European Central Bank (ECB) kept interest rates unchanged since they were modified on September 12, 2019. Thus, the interest rate on the main refinancing operations and the rates on marginal lending and deposit facilities remained at 0.00%, 0.25% and -0.50%, respectively. On January 23, 2020, the Bank reiterated its commitment to keeping its policy rates at current or lower levels until it was satisfied that the inflation outlook would sustainably stabilize at a level close to, but below, 2% over its projection horizon. It added that overall inflation convergence with the target level should be consistently reflected in the core inflation dynamics. The ECB announced that it would continue its Asset Purchase Program (APP) on a basis of 20 billion euros per month, and that it would continue the program for as long as necessary to strengthen the accommodative impact of its policy interest rates.
 36. Over the recent period, the Bank of England (BoE) maintained its key interest rate at 0.75%, the level in effect since August 2, 2018. It expected economic growth to pick up in early 2020, due to fewer Brexit-related uncertainties, increased government spending and a recovery in global growth.
 37. As for emerging countries, the People's Bank of China (PBoC) lowered its required reserve ratio for major banks by another 50 bps on January 2, 2020, freeing up 800 billion yuan. In Brazil, the Central Bank made its fourth cut of the year to its main policy rate on October 30, 2019, lowering it by 50 bps to 4.50%, in a bid to counteract the economic slowdown. In Russia, the Central Bank lowered its key rate by 25 bps to 6.25% on December 13, 2019, the fifth cut in 2019 for a total reduction of 150 bps, amidst a continuing slowdown in inflation. In contrast, in India, the Central Bank (RBI) decided on December 5, 2019, to leave its main policy rate unchanged at 5.15%, its lowest level since May 2010.
 38. In the West African subregion, the Bank of Ghana (BoG) kept its main policy rate unchanged at 16.0%, the level in effect since January 2019. The Central Bank of Nigeria (CBN) left its main policy instrument unchanged. Accordingly, the policy rate has remained fixed at 13.50% since the 50-bp reduction on March 26, 2019. In the CEMAC Zone, the BEAC kept its monetary policy stance unchanged. Its main policy rate has stood at 3.5% since October 31, 2018.

1.4.2 - Trends in monetary and financial conditions

39. On bond markets, government bond yields in the main advanced countries rose during the fourth quarter of 2019, after the downward trend observed since the beginning of the year. This turnaround was linked to the relative decline in risk aversion, aided by the easing of trade tensions between the US and China.
40. Sovereign rates on 10-year maturity bonds in the United States rose by 10 basis points (bps) to 1.77% at the end of December 2019. In Eurozone countries, 10-year government bond yields also rose, reaching 1.43% in Italy (+60 bps), 0.12% in France (+40 bps), -0.19% in Germany (+39 bps), 0.47% in Spain (+32 bps), 0.45% in Portugal (+29 bps) and 1.46% in Greece (+8 bps).
41. On the money markets, the 3-month Euribor, the main interbank interest rate in Europe, continued to ease, standing at -0.40% in the fourth quarter of 2019, compared to -0.34% in the previous quarter.
42. On the foreign exchange market, the euro experienced contrasting developments against major currencies in the fourth quarter of 2019. The euro rose against the Japanese yen (+2.0%), the US dollar (+0.9%) and the Swiss franc (+0.2%). On the other hand, it depreciated against the pound sterling (-5.3%).

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



Source: Banque de France

43. In West Africa, according to government data, the CFA franc appreciated during the quarter against the cedi, the Guinean franc, and the leone, while it depreciated against the Liberian dollar, the Gambian dalasi, and the Nigerian naira.

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

Exchange rates	2017			2018			2019				Change (%)	
	Q2	Q3	Q4	Q2	Q3	Q4	Q1	Q2	Q3	Q4	quarterly	annual
Gambian dalasi	78.2	85.9	85.0	86.3	85.9	86.4	85.4	85.5	85.7	85.0	-0.75	-1.6
Ghanaian cedi	7.2	8.1	7.9	8.0	8.3	8.3	8.7	8.8	8.9	9.1	1.94	9.3
Guinean franc	15,250.9	16,608.5	16,237.9	16,341.3	15,960.5	15,719.6	15,738.2	15,636.0	15,575.0	15,699.0	0.80	-0.1
Liberian dollar	186.9	212.8	221.4	247.5	273.5	273.7	278.4	314.4	346.2	340.3	-1.71	24.3
Nigerian naira	513.5	563.6	550.9	554.3	541.3	532.5	530.2	511.5	519.7	517.2	-0.48	-2.9
Sierra Leonean leone	12,286.9	13,721.6	13,592.7	13,939.0	14,394.5	14,567.2	14,774.8	15,013.0	15,449.4	16,223.0	5.01	11.4

Source: WAMA

II - TRENDS IN SUPPLY AND DEMAND FACTORS IN WAEMU

2.1 - Supply factors

44. GDP growth in the Union slowed slightly in the fourth quarter of 2019, ringing in at 6.5%, year over year, after 6.7% in the previous quarter. Over the same period, the business climate indicator¹ remained above its long-term average, reflecting favorable opinions expressed by business leaders about the overall trends in their activities.
45. The slowdown in the economy was due to weaker performance in the secondary and tertiary sectors, whose contributions to GDP growth were each down 0.1 percentage point from the previous quarter. The primary sector's contribution to growth was stable at 1.1 percentage point compared with the third quarter of 2019.

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

	2017	2018				2019			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Primary sector	1.5	1.4	1.3	1.2	1.2	1.1	1.1	1.1	1.1
Secondary sector	1.5	1.7	1.9	2.0	1.9	1.8	1.7	1.7	1.6
Tertiary sector	3.6	3.5	3.5	3.5	3.5	3.6	3.8	3.9	3.8
GDP:	6.6	6.6	6.7	6.7	6.6	6.5	6.6	6.7	6.5

Source: BCEAO

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 long-term outlook is that it will be above average, reflecting a favorable outlook.

46. The trends in economic activity broken down by country are shown in the table below:

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

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

	2017	2018				2018	2019				2019
	Q4	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Benin	6.2	6.3	6.5	6.8	7.1	6.7	7.4	7.6	7.7	7.5	7.6
Burkina Faso	6.7	6.8	7.1	7.0	6.4	6.8	6.2	6.0	6.0	5.9	6.0
Côte d'Ivoire	7.6	7.6	7.5	7.4	7.3	7.4	7.3	7.4	7.7	7.5	7.5
Guinea-Bissau	4.4	3.9	3.6	3.7	4.0	3.8	4.6	5.1	5.4	5.4	5.1
Mali	4.9	4.7	4.6	4.7	5.0	4.7	5.5	5.7	5.7	5.4	5.6
Niger	5.5	6.4	7.1	7.3	7.2	7.0	6.8	6.4	6.2	6.0	6.3
Senegal	7.2	7.1	6.8	6.5	6.2	6.7	5.8	6.0	6.4	6.0	6.0
Togo	4.3	4.6	4.8	5.0	5.2	4.9	5.3	5.4	5.3	5.3	5.3
WAEMU	6.6	6.6	6.7	6.7	6.6	6.6	6.5	6.6	6.7	6.5	6.6

Source: BCEAO

2.1.1 - Primary sector

47. In the primary sector, value added grew by 4.4% year on year, remaining stable compared to the previous quarter.

48. The 2019/2020 agricultural season went well overall, in conjunction with favorable rainfall conditions in the main growing areas.

49. On this basis, the initial assessments available from government departments showed a 2.8% increase in food production in the WAEMU Union during the 2019/2020 season, estimated at 67,645,148 tons. The increases in harvests will be driven mainly by tubers (+986,325 tons or +4.3%), other crops (+503,876 tons or +4.5%), and cereals (+376,447.1 tons or +1.2%).

50. Compared to the average over the past five years, current harvests are expected to be up by 16.4%.

Table 6 - Food crop production in WAEMU

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

	2017/2018	2018/2019 (1)	2019/2020* (2)	Average over the past five crop years (3)	Change (%)	
					(2)/(1)	(2)/(3)
Cereals	28,464,933	31,370,589	31,747,036	27,471,078	1.2	15.6
Tubers	22,191,854	23,114,418	24,100,743	21,396,056	4.3	12.6
Other crops	9,670,222	11,293,493	11,797,369	9,249,871	4.5	27.5
Total	60,327,009	65,778,500	67,645,148	58,117,005	2.8	16.4

Sources: National agriculture departments, BCEAO calculations

*Estimates

51. As for the main export crops, cotton, groundnut, and rubber harvests were up in the 2019/2020 crop year, compared to the previous year, while cocoa, coffee, and cashew nuts declined.

Table 7 - Export crop production in WAEMU*(in metric tons except where otherwise indicated, updated in January 2020)*

	2017/2018	2018/2019	2019/2020* past	average of the five crop years (3)	Change (2)/(1) (in %)	Change (2)/(3) (in %)
Cocoa	2,045,112	2,125,241	2,114,264	1,867,633	-0.5	13.2
Coffee	52,066	143,025	115,316	116,245	-19.4	-0.8
Seed cotton	2,432,372	2,542,101	2,789,110	2,305,403	9.7	21.0
Groundnut	3,185,333	3,465,358	3,655,131	2,895,791	5.5	26.2
Cashew nuts	1,140,956	1,198,149	1,189,882	1,148,488	-0.7	3.6
Rubber	606,420	624,136	665,152	472,499	6.6	40.8

*Sources: National marketing authorities***Estimates*

52. After two years of exceptional harvests, cocoa production dropped slightly by 0.5% during the 2019/2020 crop season, with a total of 2,114,264 tons in the Union.
53. Coffee production totaled 115,316 tons during the 2019/2020 crop year, down 19.4% compared to the previous growing season. This decrease was reportedly due to a dormant season following high yields in 2018.
54. The seed cotton harvest is expected to increase by 9.7% during the 2019/2020 season, reaching 2,789,110 tons. This increase will be due to satisfactory rainfall recorded in production areas and enhanced support measures for producers, particularly through the provision of inputs and technical supervision.
55. Groundnut production for the 2019/2020 season is expected to reach 3,655,131 tons, an increase of 5.5% compared to the previous year. This increase reflects the favorable distribution of rainfall in the main production areas, which should improve production across all the countries of the Union.
56. Cashew nut production is expected to reach 1,189,882 tons during the 2019/2020 season, down by 0.7% compared to the previous season.
57. Finally, rubber production is expected to reach 665,152 tons during the 2019/2020 season, an increase of 6.6% compared to the previous agricultural season, due to the expansion of the areas under production.

2.1.2 - Secondary sector

58. During the fourth quarter of 2019, value added generated by the secondary sector grew at an annual rate of 7.8%, down 0.8 percentage points from the previous quarter. The business climate indicator in the secondary sector was almost stable compared to the previous quarter, remaining above its long-term trend, reflecting high levels of confidence among business leaders in the industrial sector regarding the overall outlook.
59. The industrial production index rose by 5.6% year-on-year in the fourth quarter of 2019, after 9.3% three months earlier. This slowdown was attributable mainly to the decline in extractive production (-8.0% compared to +2.6%), coupled with a decline in the growth of manufacturing production (+8.3% compared to +9.1%).

The drop in the output of the extractive industries sector was due to mediocre performance in crude oil production (-13.4%), particularly in Côte d'Ivoire, and metal ores (-7.2%), especially gold in Côte d'Ivoire, Senegal, and Mali. In the manufacturing sector, the slowdown reflected weaker performance in food production (+13.4% compared with +18.9%), mainly in Côte d'Ivoire and Mali.

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

Industries	2018	2019	2018	2019			
			Q4	Q1	Q2	Q3	Q4*
Output of extractive activities	-7.8	-1.1	-5.8	-5.6	5.1	2.6	-8.0
incl. Crude oil and natural gas	-0.9	5.8	11.5	4.4	18.7	9.7	-13.4
Uranium ores	-17.9	9.8	-21.9	5.1	10.8	11.9	12.6
Metal ores	-10.1	-6.3	-6.8	-16.7	-1.3	1.6	-7.2
Manufacturing industries	9.4	8.9	11.0	10.8	7.1	9.1	8.3
- Food and beverages	14.4	14.1	20.7	13.5	10.0	18.9	13.4
- Refined petroleum products	-1.3	6.0	-1.3	6.7	8.3	4.0	4.6
- Chemicals	25.7	-3.4	37.7	8.3	10.7	-13.0	-22.3
Electricity, gas & water	0.1	9.4	1.6	5.0	10.2	11.9	11.0
Overall Index	4.2	6.8	6.5	5.5	6.2	9.3	5.6

Source: BCEAO.

(*) Preliminary figures

2.1.3 - Tertiary sector

60. The value added created by the tertiary sector increased by 7.1%, on an annual basis, in the fourth quarter of 2019, in contrast to a decline of 7.3% the previous quarter. The tertiary sector business climate indicator fell below its long-term average, on a quarterly basis, reflecting slight pessimism among the sector's business leaders.
61. The retail sales index fell by 1.9% year over year in the fourth quarter of 2019, following an increase of 0.2% in the previous quarter. This was mainly due to a decline in food and beverage sales (-17.4% against -8.0%) mainly in Benin, Côte d'Ivoire, and Niger. The trend was also driven by slower growth in sales of textile products (+2.4% against +9.3%), particularly in Benin and Côte d'Ivoire, and petroleum products (1.8% against 3.6%), mainly in Côte d'Ivoire.
62. The increase in the turnover index in market services (excluding financial services) was only 0.9% in the fourth quarter of 2019 compared with 3.3% in the third quarter of 2019, mainly due to declines in transportation, information, and communications services.
63. On the other hand, the financial services activity index increased by 8.5% during the period under review, following a +10.5% increase the previous quarter, in connection with the drop in lending rates.

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

	2018	2019	2018	2019			
			Q4	Q1	Q2	Q3	Q4*
Trade TI	7.3	3.1	5.0	6.4	6.4	0.2	-1.9
Food products	11.3	-0.7	14.8	14.4	5.5	-8.0	-17.4
Personal goods	14.6	12.6	6.6	16.1	20.2	9.3	2.4
Automobiles, motorcycles, and spare parts	0.5	0.9	-8.5	6.9	4.4	-7.1	-1.1
Petroleum products	11.2	4.0	9.6	3.4	6.5	3.6	1.8
Pharmaceutical and cosmetic products	10.5	13.1	14.2	17.2	11.6	11.2	12.4
Trade services TI (excluding financial services)	8.0	2.2	5.7	2.0	2.8	3.3	0.9
Financial services TI	7.3	8.4	8.0	7.3	7.4	10.1	8.5

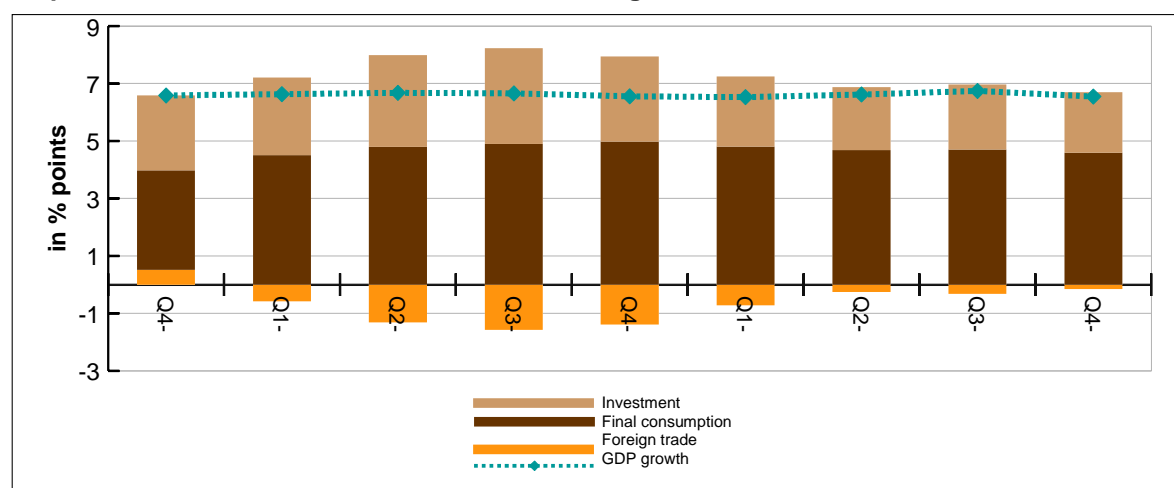
Source: BCEAO

(*) Preliminary data

2.2 - Demand factors

2.2.1 - Trends in uses of GDP

64. Analysis by demand component showed that consumption and investment continued to be the main factors supporting the Union's growth in the fourth quarter of 2019. Final consumption contributed 4.6 percentage points to GDP growth. The contribution of investments to economic growth came to 2.1 percentage points. This means that domestic demand contributed 6.7 percentage points to GDP growth in the fourth quarter of 2019. However, a smaller improvement was seen in the contribution of foreign trade, which stood at -0.2 percentage points, after -0.3 percentage points in the third quarter of 2019.

Graph 6 - Contributions of demand items to GDP growth

Source: BCEAO

65. Final consumption increased by 5.5% in the fourth quarter of 2019, compared with 5.7% in the third quarter of 2019, following a decline in household consumption of services, particularly information and communications services.

66. Investments in the Union grew by 8.6% year on year in the fourth quarter of 2019, compared with 9.7% in the previous quarter, driven in particular by the construction sector, in connection with the continued implementation of infrastructure construction programs. Capital expenditure by governments remained buoyant, with an annual increase of 14.2% in the fourth quarter of 2019, on the heels of a 1.1% decline in the previous quarter.

67. In terms of foreign trade, the increase in the contribution to economic growth was linked to the reduction of the trade deficit.

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

68. The WAEMU Member States continued their fiscal consolidation efforts with a view to ensuring compliance with the budget balance convergence standard at the end of 2019, in a context marked by satisfactory implementation of IMF-supported programs and persistent security tensions in the Sahel region.

69. Budget execution in 2019 culminated in an overall deficit, on a commitment basis including grants, of 3.0% of GDP, down by 0.8 percentage points compared to the situation in 2018. This was due to a larger increase in total revenue and grants (+1.8 percentage points of GDP) than in total expenditure and net lending (+1.0 percentage points of GDP). The reduction in the public deficit reflected better control of public spending, especially current spending, combined with improved revenue collection.

Table 10 - Financial transactions of WAEMU Member States

(in billions, unless otherwise stated)

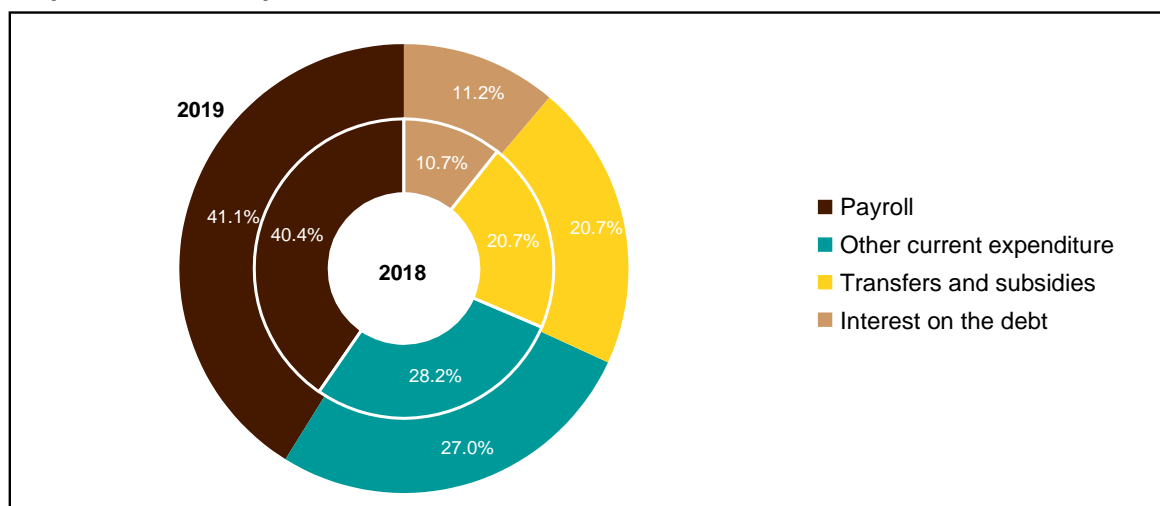
	December 2018	Forecast 2019	December 2019*	Change (2)-(1)	
	(1)		(2)	(amount)	(%)
Budget revenue and grants	13,672.1	16,030.5	16,134.6	2,462.5	18.0
(% of GDP)	18.6	21.3	20.4	-	-
Budget revenue	12,225.1	14,386.2	14,281.6	2,056.5	16.8
(% of GDP)	16.7	19.2	18.1	-	-
including fiscal revenue	10,576.2	12,529.8	12,311.9	1,735.7	16.4
(% of GDP)	14.4	16.7	15.6	-	-
Grants	1,447.0	1,644.3	1,853.1	406.0	28.1
Net expenditure and loans	16,430.7	18,291.9	18,484.5	2,053.8	12.5
(% of GDP)	22.4	24.4	23.4	-	-
including current expenditure	10,756.5	11,259.4	11,892.8	1,136.3	10.6
(% of GDP)	14.7	15.0	15.0	-	-
payroll	4,347.8	4,815.2	4,845.8	498.1	11.5
grants and transfers	2,229.2	2,325.2	2,434.4	205.1	9.2
interest on the debt	1,147.3	1,349.1	1,322.3	175.0	15.3
Interest/fiscal revenue (%)	10.8	10.8	10.7	-	-
capital investments	5,492.4	6,498.9	6,188.1	695.7	12.7
(% of GDP)	7.5	8.7	7.8	-	-
other expenditure	196.4	549.5	422.4	226.0	115.1
net loans	-14.5	0.0	-18.8	-4.2	29.1
Total balance, commitment basis (incl. grants)	-2,758.7	-2,261.4	-2,349.9	408.8	-14.8
(% of GDP)	-3.8	-3.0	-3.0	-	-
Total balance cash basis (incl. grants)	-3,100.5	-2,268.9	-2,470.9	629.6	-20.3
(% of GDP)	-4.2	-3.0	-3.1	-	-

Sources: National departments, BCEAO

(*): Estimates

70. Budget revenue and grants totaled 16,134.6 billion (20.4% of GDP) at the end of December 2019, up 2,462.5 billion (18.0%) compared to the same period the year before.
71. Fiscal revenue increased by 16.4% to \$12,311.9 billion. This increase was mainly due to the financial authorities' success in collecting tax resources, in connection with projects undertaken in member countries to modernize the administration and strengthen public financial management. The largest increases were in Mali (+35.9%), Togo (+22.4%) and Senegal (+22.4%). In Mali, specifically, the increase in fiscal revenue was part of a return to normalcy after the deficient performance of several treasury receivable, accounting, and collection departments in 2018 due to security issues.
72. With reference to the initial forecasts for the year 2019, the fiscal revenue collection rate was 98.3% against 97.9% in 2018. Despite this performance, the tax burden ratio remained low, at 15.6% at the end of December 2019, which is below the Union's standard of 20% for 2019. Among the countries of the Union, only Togo was in compliance with the standard in 2019. In the other countries, the tax burden ratio ranged from a minimum of 8.0% in Guinea-Bissau to a maximum of 17.8% in Burkina Faso.
73. Other revenue, including non-fiscal revenue, rose to \$1,969.6 billion in 2019 from \$1,648.8 billion a year earlier. Budget grants stood at 1,853.1 billion in 2019, up 28.1% from 2018.
74. Net expenditure and loans increased by 12.5%, on an annual basis, to 18,484.5 billion (23.4% of GDP) at the end of December 2019. This was due to a 10.6% increase in current expenditure, combined with a 12.7% increase in capital expenditure.
75. The 10.6% increase in current expenditure was notably driven by growth in personnel costs (+11.5%) and interest payments on the debt (+15.3%). Interest paid on the debt accounted for 10.7% of fiscal revenue in 2019 compared to 10.8% in 2018.

Graph 7 - Current expenditure structure in WAEMU



Sources: National departments, BCEAO N.B.: The inner ring shows 2018 data, and the outer ring shows 2019 data.

76. The buoyancy displayed by capital expenditure (6,188.1 billion compared to 5,492.4 billion a year earlier) was connected with the continued execution of public investment programs in infrastructure. Capital expenditure financed from internal resources accounted for 51.6% of total expenditure in 2019 compared with 55.2% in 2018. As a percentage of GDP, it remained relatively stable at 7.8% in 2019 compared with 7.5% the year before. The capital expenditure execution rate stood at 95.2% at the end of December 2019 compared to 101.7% at the end of December 2018.
77. Thus, in 2019, the execution of the States' financial operations resulted in an overall deficit, on a cash basis including grants, of 2,470.9 billion, down by 629.6 billion compared to 2018.
78. To finance that deficit, the States mainly drew on external resources. Net external financing through mobilization of resources from bilateral and multilateral partners amounted to 2,669.9 billion, as against 3,199.3 billion in 2018. Net domestic financing fell to -199.0 billion in 2019, after -98.8 billion the year before. However, net bank financing amounted to 6.3 billion against 833.7 billion in 2018.

Table 11- Financing of the budget deficit in 2019

(billions of CFA F)

	Dec.-2018	Dec.-2019	Change
Total financing of the public deficit	3,100.5	2,470.9	-629.6
Net domestic financing	-98.8	-199.0	-100.2
incl. bank financing	833.7	6.3	-827.4
Net external financing	3,199.3	2,669.9	-529.4
Incl. drawdowns (project/program loans)	1,819.5	2,613.8	794.3

Sources: National departments, BCEAO

2.2.3 - Regional public debt securities market

79. In 2019, the gross total for bonds issued on the regional public debt market was 4,112.2 billion compared with 3,277.6 billion in 2018. The increase of 834.6 billion compared to the previous year was attributable to stronger participation by Côte d'Ivoire and Senegal on the regional financial market. Net bond issues stood at 910.8 billion compared to 342.8 the year before.
80. The States continued to prefer medium- and long-term securities, consistent with the financing of infrastructure projects. Thus, the share of Treasury bonds in resource mobilization on the market was 60.0% in 2019 compared to 54.5% in 2018. State bond issues were carried out by auction and syndication.
81. The total volume of auctioned bond issues in 2019 was 1,775.0 billion, up 831.1 billion, year over year. Securities with maturities of 3 years and 5 years were the most popular, raising 1,146.5 billion and 474.5 billion respectively, representing 91.3% of the total amount of bond issues by auction.

82. The volume of bond issues through syndication stood at 692.0 billion at the end of December 2019, down 152.3 billion compared to 2018. The States preferred 7-year and 8-year maturities, which respectively raised 291.9 billion and 319.2 billion, i.e., 88.2% of the total volume of bond issues through syndication. These operations were carried out by Burkina (86.4 billion), Côte d'Ivoire (259.8 billion), Mali (232.8 billion) and Niger (113.0 billion).

83. Overall, the weighted average yield of bonds issued in 2019 was 6.42% compared to 6.29% the previous year.

Table 12 - Gross public securities issues on the regional market

(billions of CFA F)

	Total 2017	2018				Total 2018	2019				Total 2019
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
Bills	1,578.2	380.2	308.9	471.3	329.0	1,489.4	536.9	546.3	358.3	203.6	1,645.1
Bonds	2,121.9	224.8	374.4	558.6	630.4	1,788.2	555.0	686.4	728.6	497.0	2,467.0
<i>By auction</i>	1,165.2	112.9	218.1	394.0	218.9	943.9	349.5	474.2	454.3	497.0	1,775.0
<i>By syndication</i>	958.8	111.9	156.3	164.6	411.5	844.3	205.5	212.2	274.3	.0	692.0
Total	3,700.1	605.0	683.3	1,029.9	959.4	3,277.6	1,091.9	1,232.7	1,086.9	700.6	4,112.1

Source: WAMU Securities

84. Seventy issues were made through the Treasury bills compartment in 2019, for a total of 1,645.1 billion, against an initial forecast of 1,222.0 billion. The 12-month maturity was the most in demand, with forty-two issues worth a total of 885.1 billion, or 53.8% of the total value of the bills. Rates in the Treasury bill category generally trended downward in 2019.

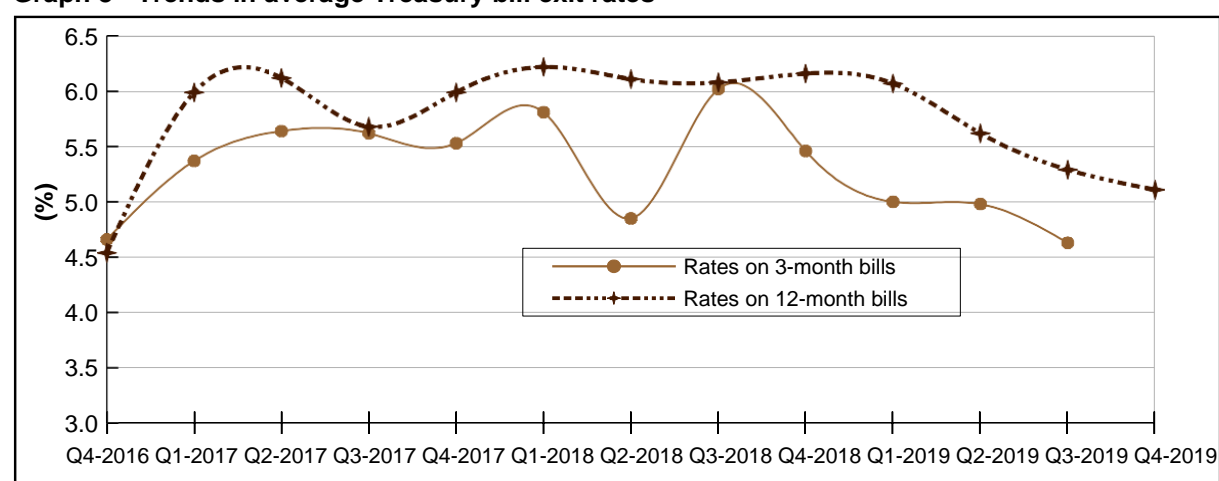
85. The weighted average rate for resources raised by the States, all maturities combined, was 5.36% in 2019 compared to 5.90% the previous year.

Table 13 - Average interest rates on Treasury bills (%)

	Average 2017	2018				Average 2018	2019				Average 2019
		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4	
1 month	4.91	-	-	-	3.90	3.90	-	-	-	-	-
3 months	5.53	6.38	5.81	4.85	6.02	5.46	5.00	4.98	4.63	-	4.85
6 months	5.77	6.09	6.17	5.86	5.99	6.06	5.69	5.40	-	4.9	5.52
12 months	5.99	6.25	6.22	6.11	6.08	6.16	6.07	5.62	5.29	5.11	5.61
24 months	5.78	-	5.8	-	-	5.80	-	-	-	-	-
Average rate	5.71	6.22	6.00	5.61	5.78	5.90	5.78	5.32	4.93	5.08	5.36

Sources: BCEAO, WAMU Securities

86. Exit rates for 3-month and 12-month Treasury bills, in particular, showed a downward trend.

Graph 8 - Trends in average Treasury bill exit rates

Sources: BCEAO, WAMU Securities

87. In keeping with the trend in net issues, overall outstanding public securities stood at 10,883.5 billion at the end of December 2019, representing 13.9% of the GDP. The structure of the outstanding securities was dominated by Treasury bonds which represented 91.8% of the total.

Table 14 - Outstanding public securities at the end of December 2019 by country (*)

(billions of CFA F)

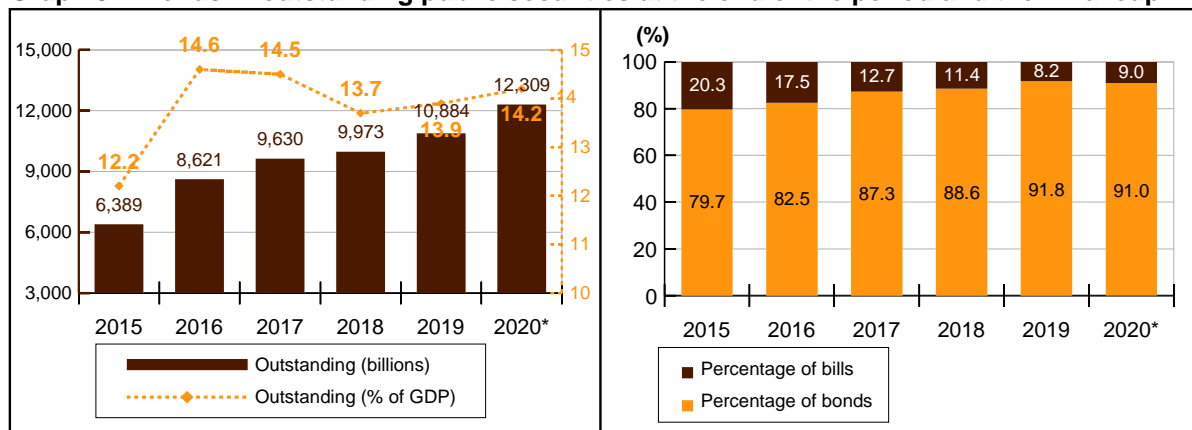
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAEMU
Bills	21.9	244.4	95.5	12.8	126.5	335.0	0.0	51.4	887.6
Bonds	1,190.1	1,235.5	3,566.2	73.4	1,311.2	587.4	928.0	1,104.1	9,995.9
Total	1,212.0	1,479.9	3,661.7	86.2	1,437.7	922.4	928.0	1,155.5	10,883.5

Source: WAMU Securities

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

88. According to the outlook for 2020 based on the issuance schedules collected from the Member States of the Union, total resources mobilized on the regional market are expected to ring in at 4,361.0 billion, up 6.1% compared to actual figures for 2019. Maturities are estimated at 2,631.4 billion and net issues are expected to be positive at 1,425.0 billion, up by 56.5%. Outstanding government securities are expected to reach 12,308.5 billion at the end of December 2020, representing 14.2% of the GDP.

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



Sources: BCEAO, WAMU Securities

(*): Forecasts for the end of December 2020

2.2.4 - Resource mobilization on international markets

89. In 2019, Benin and Cote d'Ivoire raised resources by issuing Eurobonds on international markets to finance their development policies.
90. In March 2019, Benin raised resources on the international markets through a Eurobond issue for a nominal amount of €500 million, or 328 billion CFA francs, with a 5.75% coupon and a maximum maturity of 7 years.
91. In October 2019, Côte d'Ivoire tapped the international capital markets to raise €1,700 million through Eurobonds in two tranches: (i) an initial tranche of €850 million with a 5.875% coupon maturing in 2031 and (ii) a second tranche of €850 million with a 6.875% coupon maturing in 2040. A portion of these resources (€1,374.0 million) was used to redeem Eurobonds maturing in 2024 and 2025, and the remaining €316.0 million helped to finance the 2019 deficit.

2.2.5 – Foreign Trade

2.2.5.1 - Foreign trade and intra-WAEMU trade in the fourth quarter of 2019

92. In the fourth quarter of 2019, the Union's external trade showed a deficit of 166.5 billion, down 127.1 billion from the same period in 2018. The decrease in the trade deficit resulted from a stronger increase in exports (+10.9%) than in imports (+7.3%). Overall, the rate of coverage of imports by exports was 96.5% in the fourth quarter of 2019, compared with 93.4% in the same period of 2018, an improvement of 3.1 percentage points.

93. The vitality of exports reflected increased sales of gold (+28.8%), cocoa (+21.0%), and rubber (+45.6%), mainly due to favorable trends in international prices (gold and cocoa) and volumes traded. The increase in exports was, however, partially offset by lower sales of cashew nuts (-33.0%) and cotton (-7.8%), due to the drop in world prices for these products.

94. The increase in imports was linked to a rise in purchases of capital and intermediate goods (+7.7%), supplies of food products and basic consumer goods (+9.1%), and the energy bill (+4.5%). The increase in purchases of capital and intermediate goods from abroad was driven by strong public and private investment, while the rise in consumer goods was due to the upturn in international prices, particularly for oil and rice.

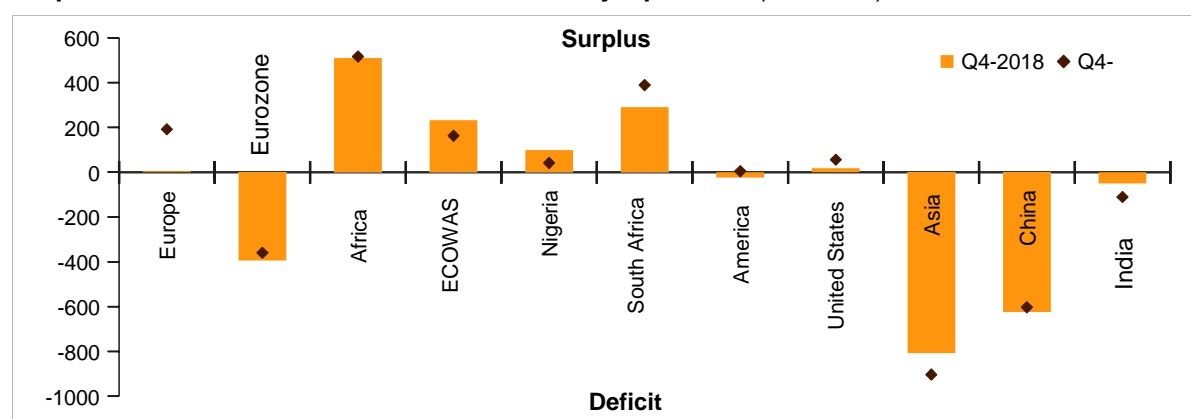
Table 15 - Trends in trade in the Union in the fourth quarter of 2019

	Q4-2018	Q4-2019*	Annual change	
	<i>(in billions)</i>		<i>(in billions)</i>	<i>(in %)</i>
Exports (FOB)	4,138.0	4,587.5	449.5	10.9
<i>incl. Gold and precious metals</i>	1,020.8	1,315.1	294.4	28.8
<i>Cocoa products</i>	828.6	1,002.9	174.3	21.0
<i>Petroleum products</i>	356.5	382.6	26.1	7.3
<i>Cashew products</i>	251.4	168.4	-83.0	-33.0
<i>Cotton products</i>	207.3	191.0	-16.3	-7.8
<i>Rubber</i>	115.5	168.2	52.7	45.6
<i>Uranium</i>	36.3	29.6	-6.7	-18.4
<i>Coffee products</i>	29.3	30.4	1.1	3.7
Imports (FOB)	4,431.6	4,754.0	322.4	7.3
<i>incl. Food products</i>	1,224.1	1,343.3	119.2	9.7
<i>Consumer goods</i>	425.3	455.5	30.3	7.1
<i>Energy products</i>	898.2	938.9	40.8	4.5
<i>Capital goods</i>	1,029.1	1,110.1	81.0	7.9
<i>Intermediate goods</i>	1,159.4	1,247.8	88.4	7.6
Trade balance	-293.6	-166.5	127.1	43.3
(% of GDP)	-1.6%	-0.8%		

Sources: BCEAO, NSIs, Customs - N.B.: Imports are in CIF value, unless otherwise stated - (*) estimates

95. Analysis of geographical trends in the Union's trade in the fourth quarter of 2019 showed virtual stagnation of the surplus with Africa, a stronger surplus with Europe, a small surplus with America and a widening structural deficit with Asia.

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



Sources: BCEAO, NSIs, Customs

96. Intra-WAEMU trade, on the other hand, was expected to increase by 9.0% to 752.0 billion, representing 16.1% of the Union's total trade. Côte d'Ivoire and Senegal remained the main suppliers, cumulatively representing 55.4% of the 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, broth, etc.), local products (cereals and live animals), edible oils and building materials.

2.2.5.2 - Trends in the balance of payments in 2019

97. For 2019 as a whole, the current account deficit increased by 1.7% to 4,686.5 billion, due to the deepening deficit in the balance of goods (+15.4%), in connection with purchases of capital and intermediate goods as well as consumer goods. However, this trend was mitigated by lower imports of petroleum products, against a backdrop of falling international prices, as well as by an increase in current transfers received by governments. As a percentage of GDP, the current deficit fell to 6.0% in 2019 from 6.3% in 2018.

98. The capital account surplus increased by 24.3% compared with the previous year, mainly due to the increase in project grants in most of the Union's Member States, with a view to implementing socio-economic projects.

99. Net inflows to the financial account in 2019 grew by 9.1%, mainly due to the substantial increase in external resource mobilization by certain Member States such as Côte d'Ivoire, Mali, and Niger (+1,054.9 billion) from partners such as the World Bank and Agence Française de Développement (AFD).

100. Under these conditions, the WAEMU countries' external trade showed an overall surplus balance of 1,659.4 billion in 2019, after a surplus of 1,088.2 billion the year before.

Table 16 - Balance of payments in WAEMU (in billions, unless otherwise stated)

	2016	2017	2018 (estimate)	2019 (estimate)
Trade balance	-1,035.8	-1,296.6	-1,886.2	-2,175.9
Balance of services	-3,308.6	-3,453.2	-3,418.4	-3,501.5
Balance of the current account	-3,211.1	-4,054.6	-4,608.7	-4,686.5
<i>Balance of the current account (as a % of GDP)</i>	-5.0	-5.9	-6.3	-6.0
Balance of the capital account	1,095.8	1,211.1	1,293.1	1,607.5
Balance of the financial account	-2,420.8	-3,314.3	-4,429.9	-4,834.6
Overall balance	-946.8	304.1	1,088.2	1,659.4
Revaluations	-110.0	171.6	114.5	280.7
Change in NEA	1,056.7	-475.6	-1,202.7	-1,940.1

Sources: BCEAO, NSIs, Customs

2.3 - Recent trends in economic growth and outlook

101. According to the latest statistics published by national departments in the member countries, the gross domestic product (GDP) of the Union is estimated to increase by 6.6% in 2019, as in 2018. This was supported by the robust performance of trade, port and airport activities, a buoyant service sector, the consolidation of construction and civil engineering activities, and stronger manufacturing and agricultural production.
102. On the sectoral level, economic momentum was mainly driven by the tertiary sector in 2019, with a contribution of 3.8 points. The contributions of the secondary and primary sectors amounted to 1.7 points and 1.1 points, respectively.
103. Economic growth is expected to remain strong throughout 2020 in the WAEMU region. The growth rate of the Union's GDP is projected to reach 6.6% in real terms, supported mainly by the tertiary sector, which is expected to contribute 3.7 percentage points. This sector is likely to benefit from the vitality of the service sector (1.2 percentage points), particularly banking and telecommunications (0.5 percentage points) as well as from a boom in trade (0.7 percentage points) due to higher agricultural and industrial production. The secondary sector is expected to be the second pillar of economic growth, with a contribution of 1.7 points, thanks to the steady pace of business in most sectors. The primary sector is expected to contribute 1.2 percentage points in 2020, as a result of increases in food production and exports.

Table 17 - Trends in real GDP growth rates in WAEMU Member States (%)

	2018	2019		2020
		Estimates (October 2019)	Revised estimates	Projections
Benin	6.7	7.6	7.6	7.4
Burkina Faso	6.8	6.0	6.0	6.3
Côte d'Ivoire	7.4	7.5	7.5	7.3
Guinea-Bissau	3.8	5.1	5.1	5.4
Mali	4.7	5.0	5.6	4.8
Niger	7.0	6.3	6.3	6.0
Senegal	6.7	6.0	6.0	6.8
Togo	4.9	5.3	5.3	5.5
Union	6.6	6.5	6.6	6.6

Sources: BCEAO, NSIs

104. From a demand-side perspective, GDP growth in 2020 will be driven mainly by robust domestic demand, which is expected to contribute 7.5 percentage points.

Table 18 - Contributions to growth in the gross domestic product of the Union

	2018	2019 (est.)	2020 (fcst)
Primary sector	1.1	1.1	1.2
Secondary sector	1.8	1.7	1.7
Tertiary sector	3.7	3.8	3.7
Real GDP	6.6	6.6	6.6
Final consumption	4.9	5.4	4.2
Investment	2.4	1.9	2.3
Foreign sector	-0.7	-0.7	0.1
incl. - Exports	0.7	1.4	1.4

Source: BCEAO

105. In order to improve the economic performance in the Union in a context marked by heightened security risks, the following actions by the Member States of the Union will be required:

- enhance cooperation and coordination between national security services with a view to maintaining a community environment that promotes the development of economic activities and continuing investments in high growth sectors,
- speed structural reforms aimed at strengthening the competitiveness of the Union's economies. Governments' efforts to improve the business climate should be supported,
- continue actions to increase domestic resource mobilization, particularly by broadening the tax base and improving the performance and efficiency of the tax authorities, to raise the tax burden ratio. Efforts could also be made to streamline tax expenditure,² and
- enhance the quality of public spending. Better targeting of public investment projects to strengthen human capital and infrastructure would increase the overall productivity of the economy.

^{2/} I.e., measures aimed at reducing the tax burden on certain taxpayers, entailing revenue loss. These measures include exemptions, tax waivers, etc.

III - CURRENCY, MONETARY CONDITIONS AND THE FINANCIAL MARKET

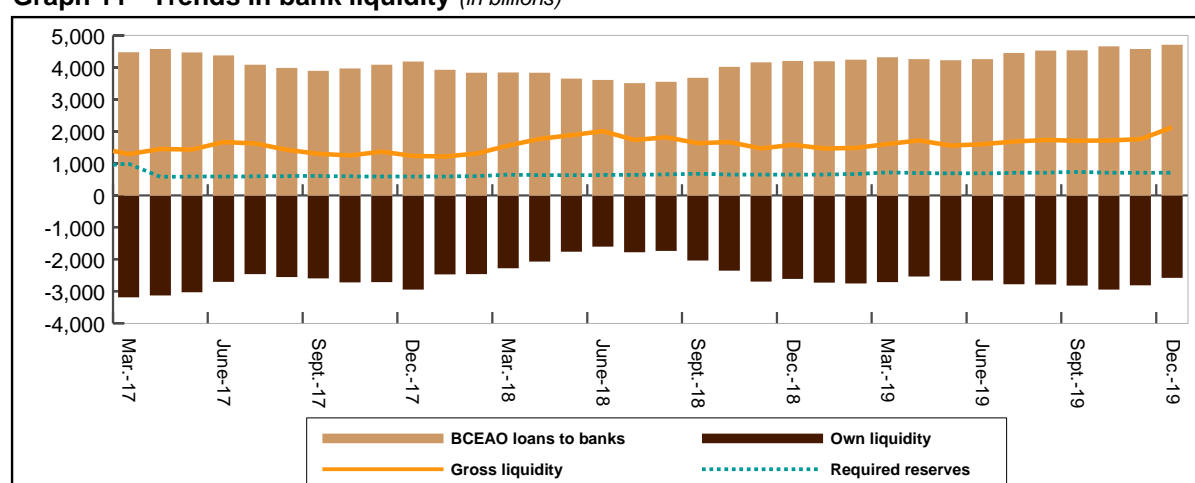
3.1 - Monetary conditions

3.1.1 - Bank liquidity

106. Bank liquidity, measured through the balances of ordinary and settlement accounts on the books of the Central Bank, was consolidated by 417.2 billion in the final quarter of 2019, reaching 2,123.5 billion at the end of December 2019 against 1,706.3 billion at the end of September 2019. This growth was due to an increase in outstanding refinancing granted by the BCEAO over the period (+177.3 billion), combined with the positive impact of independent factors (+239.9 billion).

107. The increase in banks' autonomous supply of liquidity was driven by the balance of Treasury operations and other net factors (+811.2 billion) as well as by net transfers initiated by banks (+172.9 billion). However, it was partially offset by banknote withdrawals (-744.2 billion).

Graph 11 - Trends in bank liquidity (in billions)



Source: BCEAO

108. In addition, the reserve requirements of the banks over the maintenance period running from November 16 to December 15, 2019, are estimated at 701.9 billion. Over the same period, the reserves set up by the banks averaged 1,639.6 billion, exceeding the regulatory minimum requirement by 937.7 billion.

109. Compared to the previous maintenance period running from August 16 to September 15, 2019, surplus reserves were down by 43.4 billion. They represented 133.6% of required reserves compared to 134.3% in the previous quarter. The number of banks with reserve requirement shortfalls rose from four to seven.

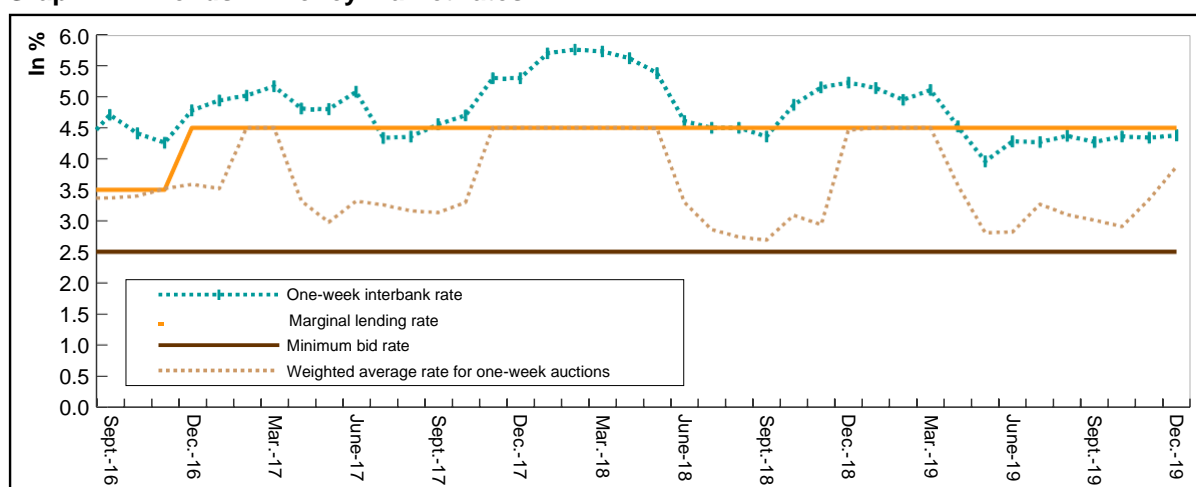
3.1.2 - Trends in money market interest rates

110. An analysis of refinancing terms at BCEAO tender windows during the fourth quarter of 2019 showed a slight increase in money market rates.

111. The weighted average rate for weekly liquidity injection operations rose to 3.38% in the fourth quarter of 2019, compared to 3.15% in the previous quarter and 4.01% one year prior. The weighted average rate for monthly liquidity injection operations rose to 4.02% against 3.48% in the third quarter of 2019. Over the same period in 2018, the rate was 3.97%. Overall,

the average rate for weekly tenders during the quarter³ rose from 2.70% to 2.98%, quarter over quarter. The year before, it stood at 3.45%.

Graph 12 - Trends in money market rates



Source: BCEAO

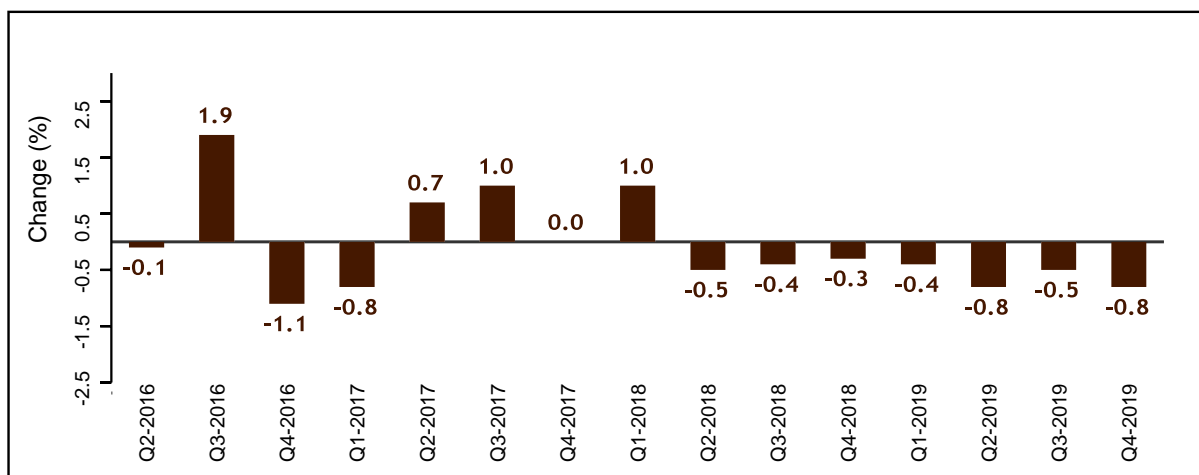
112. The overall volume of transactions on the interbank market, across all maturities, averaged 487.0 billion in the fourth quarter of 2019, compared to 394 billion the previous quarter.
113. Interest rates also increased slightly during the period under review. The weighted average interest rate, across all maturities stood at 4.49%, compared to 4.47% the previous quarter. However, compared to its level in the fourth quarter of 2018 (5.09%), it was down by 60 basis points. For the one-week maturity, which represented 73.3% of the total volume of transactions during the quarter under review, the weighted average interest rate rose slightly, reaching 4.36%, compared to 4.31% the previous quarter and 5.13% one year earlier.

3.1.3 - Trends in monetary conditions⁴

114. Monetary conditions eased in the fourth quarter of 2019. The monetary conditions index dropped by 0.8% from the previous quarter. This trend was mainly related to the decline in the real effective exchange rate (-1.1%), slightly offset by an increase in the real interest rate on the one-week interbank market.

^{3/} This quarterly average rate represents the average of the marginal rates on weekly auction operations weighted by the number of days accrued for these rates during the quarter.

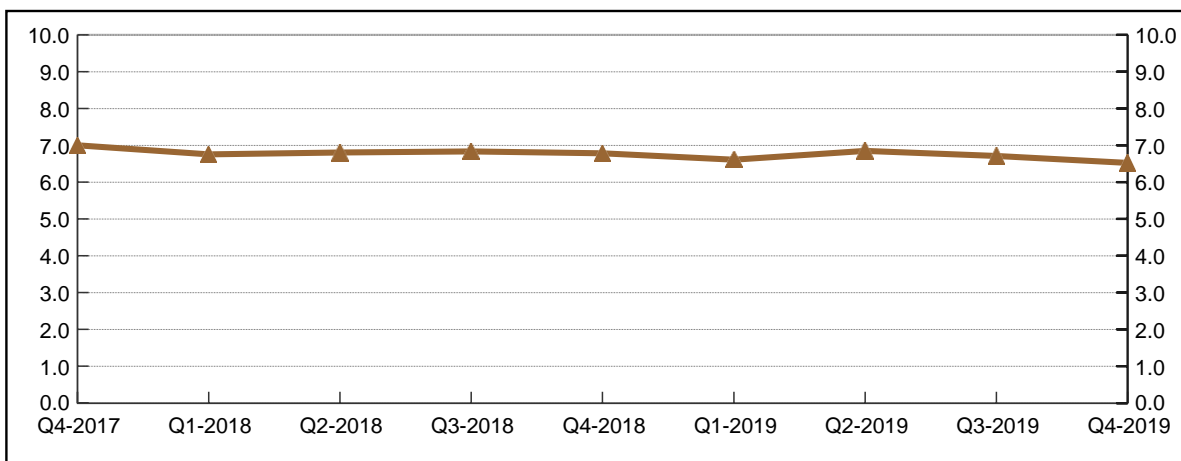
^{4/} The monetary conditions index is a synthetic indicator for assessing the combined impact of interest and exchange rate policies on aggregate demand. It is calculated as a weighted average of the real effective exchange rate and the real interest rate and trends in the index are measured against the level of the index over the baseline period (average over the 2000-2010 period).

Graph 13 - Quarterly trends in the monetary conditions index

Source: BCEAO

3.1.4 - Deposit and lending rates

115. The average lending rate, excluding taxes and fees, dropped by 19 basis points to 6.52% in the fourth quarter of 2019. Year over year, it fell by 48 basis points.

Graph 14 - Average lending rates of banks in the Union (%)

Source: BCEAO

116. Lending rates by loan purpose showed contrasting trends. Rates fell for housing loans (-60 bps), equipment loans (-43 bps) and cash-flow loans (-10 bps). On the other hand, the lending rate rose for export financing (+10 bps) and remained almost stable for consumer loans.

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

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Housing	7.93	8.10	7.87	7.69	7.65	7.27	7.50	7.20	7.75	7.16
Exports	7.96	8.56	7.18	6.61	6.51	7.37	7.01	6.96	6.79	6.89
Equipment	7.39	7.74	7.93	8.12	7.63	7.45	7.01	7.79	7.63	7.20
Consumption	8.29	7.99	7.87	8.21	8.23	7.94	8.07	7.98	7.41	7.42
Cash	6.56	6.64	6.29	6.23	6.26	6.43	6.19	6.30	6.22	6.12
Other	7.38	7.23	6.74	7.21	7.45	7.00	7.03	7.79	7.10	6.56
Total	6.97	7.00	6.75	6.80	6.83	6.78	6.61	6.85	6.71	6.52

(Source: BCEAO)

117. At country level, the lending rate was down in Benin (-71 basis points), Guinea-Bissau (-65 basis points), Côte d'Ivoire (-39 basis points), Niger (-27 basis points), Togo (-38 basis points) and Mali (-21 basis points). On the other hand, an increase in the cost of bank financing was seen in Burkina Faso (+28 basis points).

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

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Benin	7.96	7.84	7.91	8.22	7.71	7.53	7.52	7.03	7.77	7.06
Burkina Faso	7.45	7.35	7.51	7.45	7.53	7.30	7.21	7.24	7.35	7.63
Côte d'Ivoire	6.40	6.51	6.22	6.27	6.49	6.34	6.38	6.60	6.45	6.06
Guinea-Bissau	8.50	9.58	8.22	9.42	9.68	8.79	7.88	9.89	8.67	8.02
Mali	7.86	8.06	7.98	7.66	7.91	7.90	7.67	7.70	7.90	7.69
Niger	10.14	9.40	9.61	9.10	9.65	8.72	9.41	9.88	9.67	9.40
Senegal	5.94	6.29	5.79	5.81	5.71	6.21	5.56	5.91	5.78	5.77
Togo	8.22	8.33	8.26	8.50	8.09	7.82	7.80	7.64	7.86	7.48
WAEMU	6.97	7.00	6.75	6.80	6.83	6.78	6.61	6.85	6.71	6.52

Source: BCEAO

118. The average deposit rate, excluding taxes and fees, dropped by 17 basis points, reaching 5.25% in the fourth quarter of 2019.

Table 21 - Trends in interest rates on term deposits in WAEMU by country (%)

	2017		2018				2019			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Benin	5.56	5.80	5.21	5.72	6.10	5.87	5.13	5.19	5.64	5.63
Burkina Faso	5.74	5.77	5.76	5.37	5.78	5.84	5.71	5.76	5.91	6.33
Côte d'Ivoire	4.97	4.92	4.80	4.96	5.04	5.11	4.96	4.83	4.83	4.65
Guinea-Bissau	4.73	3.88	3.79	4.85	4.67	3.83	3.51	5.31	4.67	4.17
Mali	4.90	4.86	4.95	4.91	4.82	5.12	5.03	5.14	4.84	4.68
Niger	5.32	5.42	5.20	5.81	5.71	6.05	5.65	5.58	5.97	5.94
Senegal	5.17	5.46	5.41	5.29	5.65	5.46	5.48	5.03	5.62	4.87
Togo	5.42	5.34	5.49	5.91	5.63	5.76	5.63	5.48	5.62	5.52
WAEMU	5.30	5.35	5.25	5.32	5.50	5.54	5.35	5.24	5.42	5.25

Source: BCEAO

3.2 - Monetary situation

119. In the fourth quarter of 2019, the Union's money supply recovered compared to the previous quarter. It registered a growth rate of +8.4%, after -0.7% in the previous quarter. On a year-over-year basis, it grew by 10.4% against 8.5% three months earlier.

Table 22 - Monetary situation at end of September 2019 (in billions, unless otherwise stated)

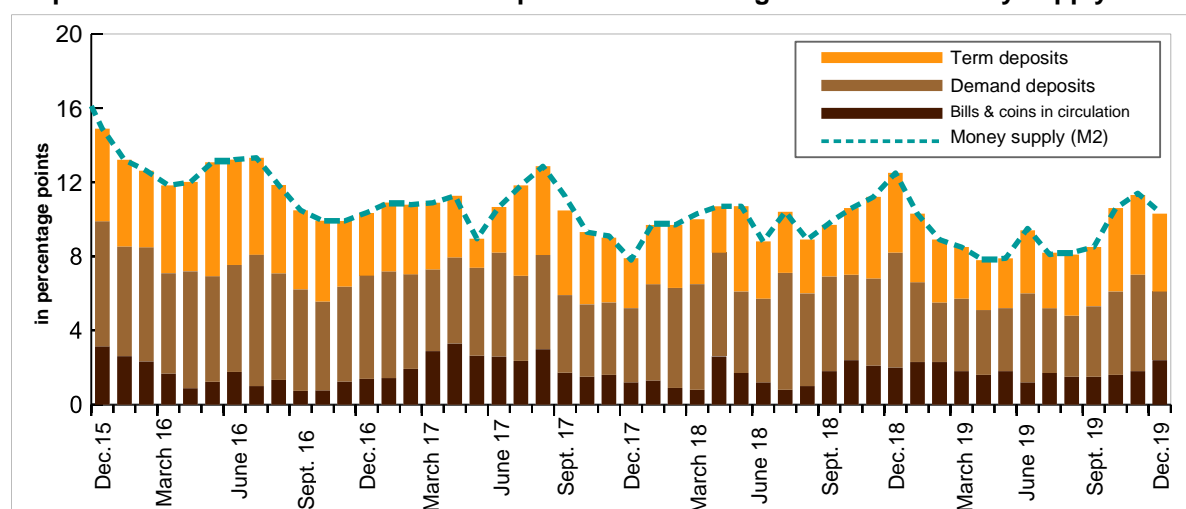
	Sept.-2018	Dec.-2018	Sept.-2019	Dec.-2019	Quarterly change (4)/(3)		Year-over-year change (4)/(1)	
	(1)	(2)	(3)	(4)	(amount)	(%)	(amount)	(%)
Money supply	26,020.0	27,726.8	28,225.7	30,600.8	2,375.1	8.4	2,874.0	10.4
Net foreign assets	5,093.1	5,375.1	5,315.1	7,315.2	2,000.1	37.6	1,940.1	36.1
Domestic claims	27,950.6	30,021.8	31,161.9	31,727.6	565.7	1.8	1,705.8	5.7
Net claims on central governments	7,455.5	8,110.5	8,707.4	8,116.7	-590.7	-6.8	6.2	0.1
Claims on the economy	20,495.2	21,911.4	22,454.5	23,610.8	1,156.3	5.1	1,699.4	7.8

Source: BCEAO

3.2.1 - The money supply and its components

120. The increase in the monetary aggregate in the broad sense over the quarter resulted in an increase in banknotes and coins in circulation (+8.5%) as well as deposits (+7.1%). The increase in deposits was mainly driven by deposits from households and private non-financial enterprises. They respectively contributed 2.0 and 2.8 percentage points to growth in deposits. The 10.4% year-on-year increase in the money supply was reflected in increases in deposits (+10.3%) and banknotes and coins in circulation (+8.5%).

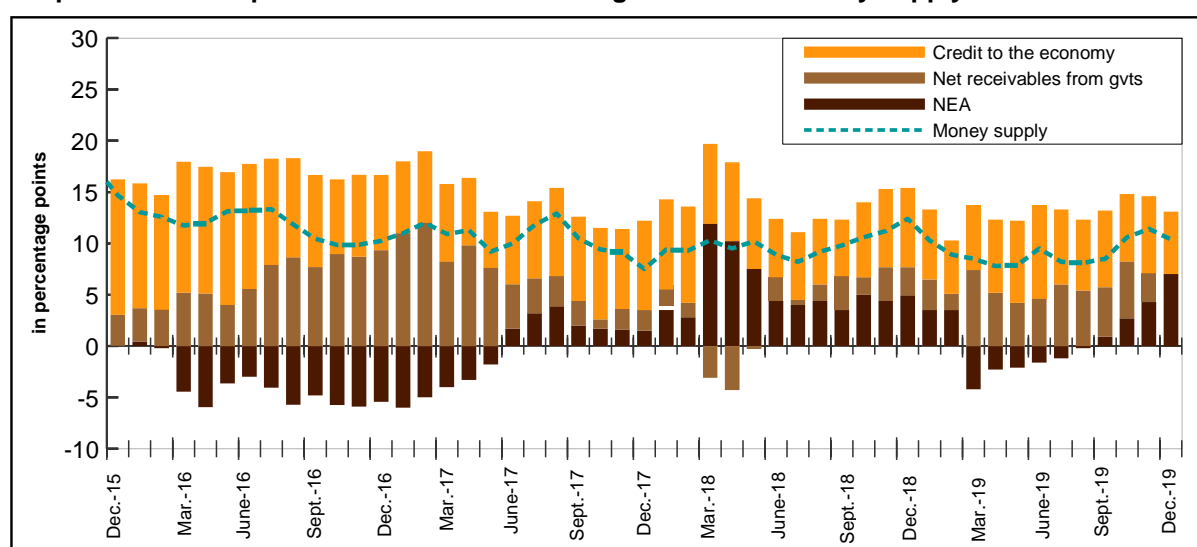
Graph 15 - Contributions of various components of annual growth in the money supply



Source: BCEAO

3.2.2 - Money supply counterparts

121. The trend in the money supply was driven by the consolidation of net external assets and the increase in the domestic claims of deposit-taking institutions.

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

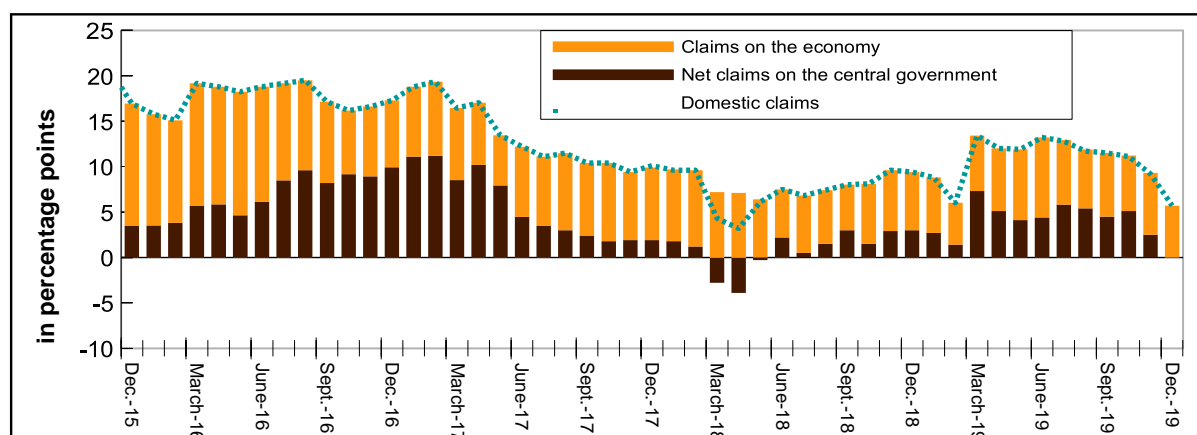
Source: BCEAO

Net external assets (NEA)

122. Net external assets of deposit institutions increased by 2,000.1 billion between September and December 2019. The fourth quarter of 2019 was marked by a significant mobilization of external resources by States and efforts by banks to repatriate export earnings.
123. In gross terms, the Union's governments raised 2,659.2 billion in external resources over the last three months of 2019, from international investors and bilateral and multilateral donors.
124. The balance of external transfers at the level of the Union's banks was positive (+172.9 billion), despite substantial foreign payment needs generally recorded during the last quarter of the year. Foreign currency deposited by the banks at the Central Bank amounted to 2,737.7 billion against 2,564.8 billion in transfers issued.
125. The total balance of transfers from banks and governments was 1,780.9 billion during the quarter. The BCEAO's foreign exchange reserves grew by 1,659.1 billion, or 19.1%, covering 5.7 months of imports of goods and services, compared with 4.8 months at the end of September 2019. Year-on-year, net external assets rose by 1,940.1 billion, or +36.1%, compared with 1,202.7 billion (+28.8%) in 2018.

Domestic claims

126. Loans from the banking sector to resident units also increased by 565.6 billion or 1.8% over the quarter. Financing of private sector businesses more than offset the decline of net claims on central governments.

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

Source: BCEAO

Net claims on central governments of Member States

127. In connection with disbursements of resources obtained from foreign donors and investors, net loans from deposit-taking institutions to central governments fell by 590.7 billion over the quarter, following an increase of 927.8 billion the quarter before.
128. Central governments deposits grew by 833.4 billion. In addition, outstanding government securities portfolios of held by banks and direct loans granted to Member States increased only slightly, by 130.4 billion and 69.8 billion, respectively.

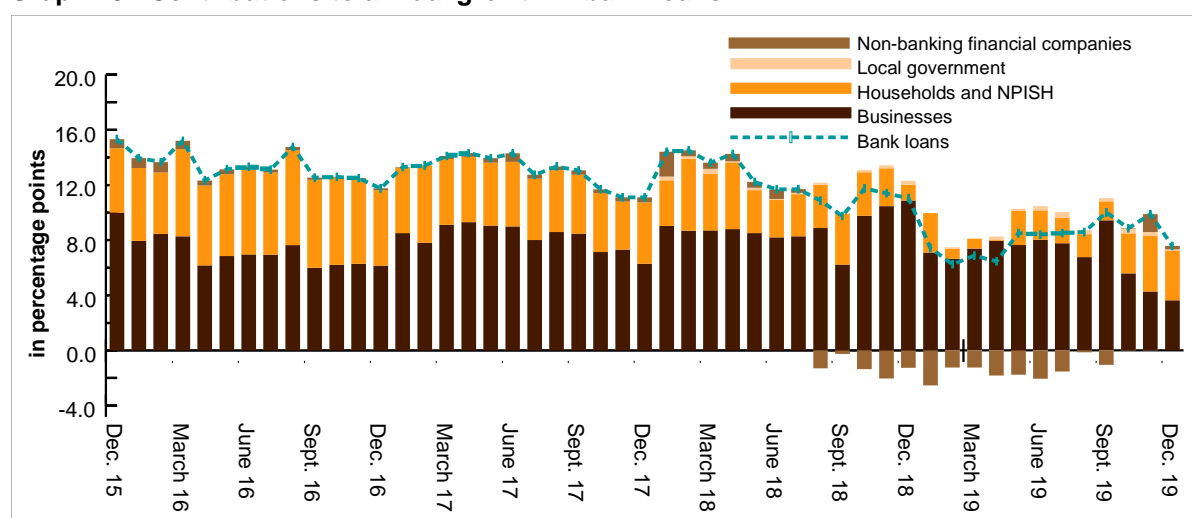
Table 23 - Net claims on central governments (in billions)

	Dec. 2018	Sept. 2019	Dec. 2019	Change	
				quarterly	annual
Net claims on central governments	8,110.5	8,707.4	8,116.7	-590.7	6.3
Claims of deposit-taking institutions	12,108.4	12,900.0	13,158.9	259.0	1,050.5
Loans	3,783.9	4,101.7	4,228.2	126.6	444.3
Public securities portfolios	8,308.9	8,783.7	8,914.1	130.4	605.2
Other claims	15.6	14.6	16.1	1.5	0.5
Deposit institution commitments	3,998.0	4,192.5	5,042.2	849.7	1,044.2
Treasury	32.5	32.6	32.6	0.0	0.1
Deposits	3,882.6	4,081.7	4,915.1	833.4	1,032.5
Other commitments	82.9	78.2	94.5	16.3	11.6

Source: BCEAO

Claims on the economy

129. Claims on the economy grew by 5.1%, on a quarterly basis, after a 0.9% decline in the previous quarter. Growth was driven by the rise in bank loans (+935.0 billion or 4.4%) and purchases of private sector debt and equity securities (+191.7 billion or 52.5%).
130. The jump in growth in bank loans from 0.9% to 4.4% reflected growth in loans granted to households and private enterprises. Over the quarter, loans to private businesses increased by 3.3% (or +414.8 billion), after a 0.1% decline in the previous quarter, reflecting an increase in equipment loans (+144.1 billion or 8.0%) and export loans (+47.1 billion or 0.4%), as well as real estate loans (+62.5 billion or 0.5%).

Graph 18 - Contributions to annual growth in bank loans

Source: BCEAO

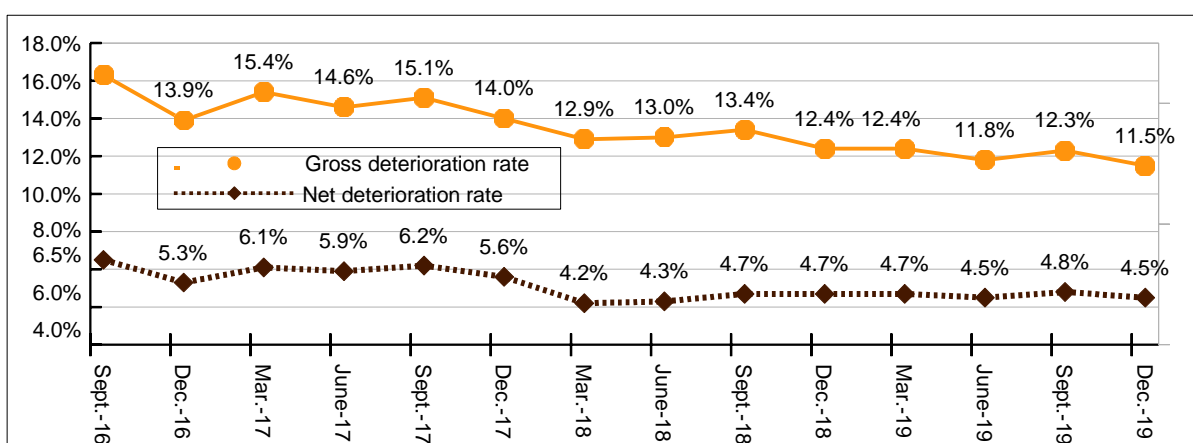
131. The rate of growth in household loans rose from 3.4% to 5.2%, quarter over quarter. This development was mainly driven by consumer loans, which were the main component of loans to households in the Union.
132. By sector of activity, the structure of the banks' loan portfolios was dominated by loans granted to tertiary and secondary sector operations. At the end of December 2019, these two sectors respectively accounted for 57.3% and 33.4% of outstanding loans to private non-financial companies, compared with 9.3% for the primary sector. In the previous quarter, the tertiary and secondary sectors absorbed 91.6% of loans to the private sector.

3.2.3 - Bank resources and uses

133. The activities of lending institutions were marked in the fourth quarter of 2019 by a stronger increase in resources than in uses. This resulted in a reduction of the structural treasury deficit (+250.1 billion or +8.1%), which stood at -2,844.0 billion, after deepening by 183.2 billion (-6.3%) in the previous quarter. Portfolio quality improved slightly quarter on quarter.
134. Banking system resources grew by 1,681.3 billion (+5.4%), reaching 32,971.5 billion at the end of December 2019, in line with the increase in deposits and borrowings (+1,674.3 billion or +6.5%) and net equity (+134.7 billion or +3.8%). However, there was a downturn in other resources (-127.7 billion or -6.0%) during the period.
135. Uses of lending institutions rose by 1,431.2 billion (+4.2%), to stand at 35,815.6 billion at the end of December 2019. This development was mainly due to an increase in customer loans (+1,092.8 billion or +5.0%), especially medium-term loans (+644.2 billion or +6.4%), as well as overdrafts (+128.1 billion or +5.0%) and overdue loans (+74.0 billion or +7.6%). Other uses also rose by 315.8 billion (+2.5%) to 12,857.8 billion, reflecting growth in investment securities (+236.5 billion or +2.9%) and other fixed assets (+92.3 billion or +5.6%). On the other hand, miscellaneous uses contracted by 67.9 billion or 5.7%.

136. Total outstanding loans granted to the 50 largest businesses using bank credit (LBUBCs) in each Member State of the Union stood at 6,712.8 billion at the end of December 2019, compared with 6,537.9 billion at the end of September 2019 and 6,253.2 billion at the end of December 2018, i.e., an increase of 2.7% on a quarterly basis and 7.4% year on year. The ratio of loans reported to the Union's Central Bank Risk Office was 48.6% at the end of December 2019, compared with 47.7% at the end of September 2019. By sector, the major risks were mainly borne by companies operating in the "wholesale trade" (27.2%), "community services" (16.1%), "manufacturing industries" (16.0%), "transportation and communications" (11.6%) and "civil engineering and public works" (11.2%) sectors.
137. The gross deterioration rate in the quality of the portfolios of banks and bank-like financial institutions in the Union thus improved by 0.8 percentage points to stand at 11.5%. The net rate followed a similar trend, coming in at 4.5% compared to 4.8% at the end of September 2019.

Graph 19 - Trends in the quality of banking system portfolios in WAEMU



Source: BCEAO

138. Compared to the previous year, the cash position of the Union's credit institutions improved (+198.2 billion or +6.5%). Uses were up by 3,155.4 billion (+9.7%), due to increases of 2,112.2 billion (+10.1%) in loans and 1,020.7 billion (+8.6%) in other uses. Resources also saw an increase of 3,353.6 billion (+11.3%), driven by growth in deposits and borrowings (+2,707.8 billion or +11.0%) as well as in net equity (+498.8 billion or +15.7%).
139. 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 0.2 percentage points, respectively, reflecting a relative increase in risk coverage in terms of provisioning.

3.2.4 - Central Bank interventions

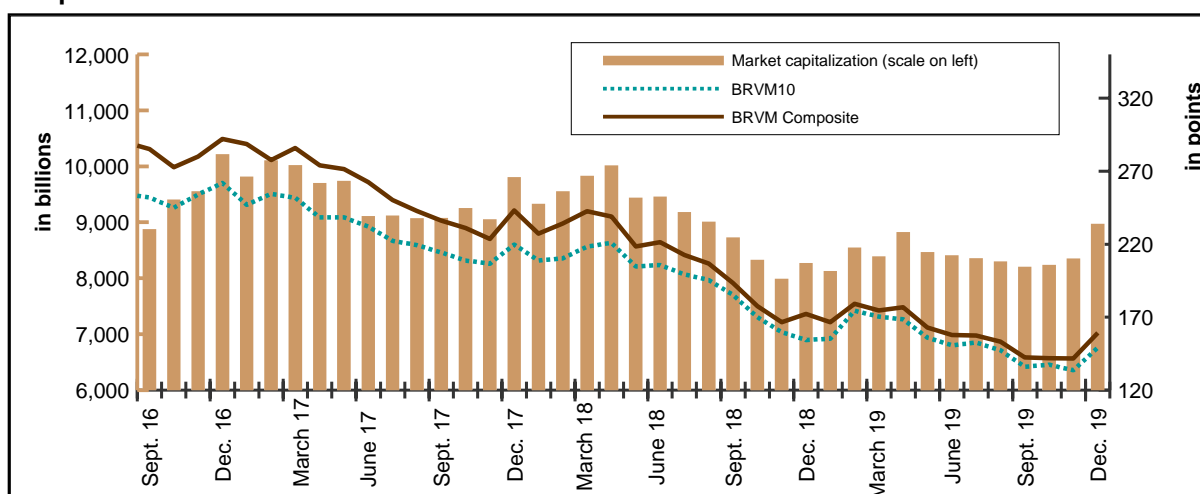
140. The overall volume of BCEAO interventions stood at 6,769.5 billion at the end of December 2019, up 235.5 billion compared to the end of September 2019. This was due to the increase in refinancing granted by the Central Bank to the Union's banks (+177.3 billion), combined with growth in Central Bank claims on national treasuries (+58.2 billion).

141. At the end of December 2019, outstanding loans granted by the BCEAO to banks stood at 4,708.4 billion.
142. The increase in Central Bank claims on national treasuries (+58.2 billion) during the period was mainly due to increased IMF facilities (+59.2 billion), whose impact was partially offset by repayments made under facilities backed by SDR allocations (-1.7 billion) and consolidated monetary facilities (-0.8 billion).
143. Outstanding refinancing granted by the BCEAO to banks, backed by government securities, stood at 3,319.1 billion at the end of December 2019, representing 33.0% of fiscal revenue in 2017, after 3,251.6 billion at the end of September 2019. In the same period in 2018, it stood at 3,137.3 billion, representing 33.6% of fiscal revenue in 2016.

3.3 - WAMU financial market

144. During the fourth quarter of 2019, subregional stock market activity picked up after two consecutive quarters of decline. The BRVM Composite index rose by 11.8% between September and December 2019, to close at 159.24 points. The BRVM10, which is the index of the ten most active stocks, rose to 136.03 points at the end of December 2019, up 9.6% or 13.08 points from its level three months earlier. However, on an annual basis, the BRVM Composite and BRVM10 indexes were down by 7.5% and 3.4%, respectively.

Graph 20 - Trends in BRVM indicators



Source: BRVM

145. The positive performance of the stock market indexes in the fourth quarter of 2019 was driven by the rise in the following sectoral indexes: "Agriculture" (+29.4%), "Retail" (+18.5%), "Finance" (+12.1%), "Utilities" (+11.2%), "Transportation" (+7.0%) and "Other Sectors" (+40.0%). On the other hand, the "Industry" sector index fell by 1.3% during the period under review.
146. The market capitalization of all securities listed on the market totaled 8,973.2 billion at the end of December 2019, compared to a level of 8,205.5 billion at the end of September 2019, representing an increase of 767.7 billion or 9.4%. This growth was due to an increase in equity market capitalization (+501.5 billion or +11.8%) over the period, combined with an increase in bond market capitalization (+266.2 billion or +6.7%). On an annual basis, there was a drop of 699.2 billion or 8.5% in overall market capitalization.

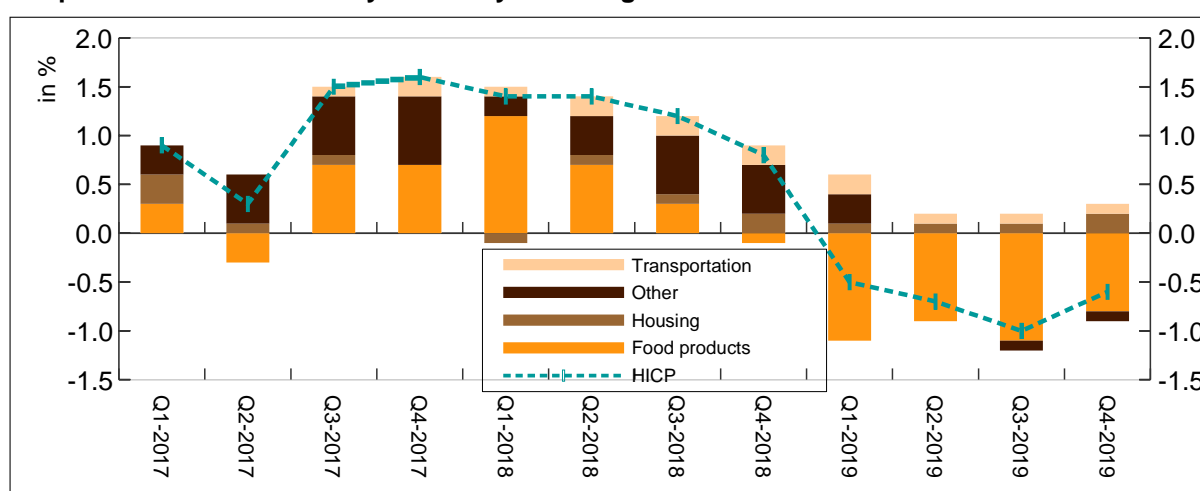
IV - INFLATION AND EXTERNAL COMPETITIVENESS

4.1 - Recent inflation trends

147. The year-on-year inflation rate in the WAEMU Union remained negative in the fourth quarter of 2019. It stood at -0.6%, after -1.0% the previous quarter. The continued year-on-year decreases in general price levels were mainly due to the continuing decline in food prices in most countries of the Union. In particular, lower prices on local cereal were observed in landlocked Sahelian countries, with decreases of 13% for millet in Burkina Faso and Mali and 5% in Niger, and 17% for maize in Niger, 12% in Mali and 8% in Burkina Faso. This development is believed to be linked to a decline in external demand in some countries, due to the security situation. More particularly, a drop in cereal exports from Burkina Faso was registered in 2019. Sales at reduced prices by public agencies and free distributions by humanitarian organizations in certain regions of the Sahel have further contributed to the downward trend.

148. Fruit and vegetable prices also decreased in Benin and Togo, due in particular to a drop in external demand owing to difficulties in selling the produce following the closure of the border between Benin and Nigeria.

Graph 21 - Contributions to year-over-year change in the HICP in WAEMU



Source: BCEAO

149. The inflation rate also remained negative due to lower prices for "Communications" services, in connection with rate cuts, particularly in Burkina Faso, Niger and Togo.

150. The drop in overall consumer prices levels was, however, partially offset by the rise in the indexes for the "Housing" and "Transportation" components, whose contributions to inflation were 0.2 percentage points and 0.1 percentage points, respectively. The increase in the "Transportation" component was due to the upward adjustment of fuel prices, particularly in Burkina Faso, Senegal, and Togo, as well as an increase in the price of gasoline sold in bulk in Benin and Togo. The "Housing" component rose in conjunction with increases in the

price of solid fuels (charcoal in particular) in Benin, Burkina Faso, Côte d'Ivoire, and Niger, and of home maintenance and repair services in Côte d'Ivoire and Senegal.

151. Analysis by type showed a drop in the price of goods, which came to -1.4% in the fourth quarter of 2019 compared to -1.9% in the previous quarter, in connection with the decrease in food prices. Service prices, meanwhile, rose by 1.2%, the same rate as the previous quarter.
152. Core inflation, which measures changes in general price levels excluding fresh produce and energy, rang in at 0.1% year on year in the fourth quarter of 2019 compared to 0.3% in the third quarter. Prices of energy products rose by 2.4% in the fourth quarter of 2019, stable compared to the performance of the quarter before. These trends indicate that the drop in overall price levels was mainly due to fresh produce, whose prices fell by 3.7% over the period under review.

Table 24 - Trends in inflation and its components

	Annual change (%)			Contributions (in % points)		
	Q2-2019	Q3-2019	Q4-2019	Q2-2019	Q3-2019	Q4-2019
Inflation	-0.7	-1.0	-0.6	-0.7	-1.0	-0.6
Fresh produce	-4.5	-5.5	-3.7	-1.1	-1.4	-0.9
Energy	1.8	2.4	2.4	0.1	0.2	0.2
<i>Core inflation</i>	<i>0.5</i>	<i>0.3</i>	<i>0.1</i>	<i>0.3</i>	<i>0.2</i>	<i>0.1</i>
Food products	-2.1	-2.5	-1.8	-0.9	-1.1	-0.8
Alcoholic beverages	3.1	0.1	-0.5	0.0	0.0	0.0
Clothing	0.4	0.3	0.6	0.0	0.0	0.0
Housing	0.6	0.8	1.4	0.1	0.1	0.2
Furnishings	0.7	0.1	0.1	0.0	0.0	0.0
Health	1.0	-0.9	-1.8	0.0	0.0	0.0
Transportation	0.7	0.8	0.7	0.1	0.1	0.1
Communications	-3.1	-0.9	-1.9	-0.1	-0.1	-0.1
Recreation and culture	1.6	0.5	-0.8	0.0	0.0	0.0
Education	1.6	1.7	2.2	0.0	0.0	0.0
Restaurants and Hotels	0.3	-0.1	0.4	0.0	0.0	0.0
Other goods	1.0	0.8	0.5	0.1	0.0	0.0

Sources: BCEAO, NSIs

153. The breakdown by country shows that the decline in inflation was mainly confined to the Sahelian countries (particularly Burkina Faso, Mali, and Niger) and, to a lesser extent, Guinea-Bissau. The drop in prices in the Sahelian countries was due to the "food" component, in connection with a substantial drop in local cereal prices. In Guinea-Bissau, the trend was due to lower prices for gas and transportation services.

Table 25 - Trends in inflation by country (%)

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

Sources: BCEAO, NSIs

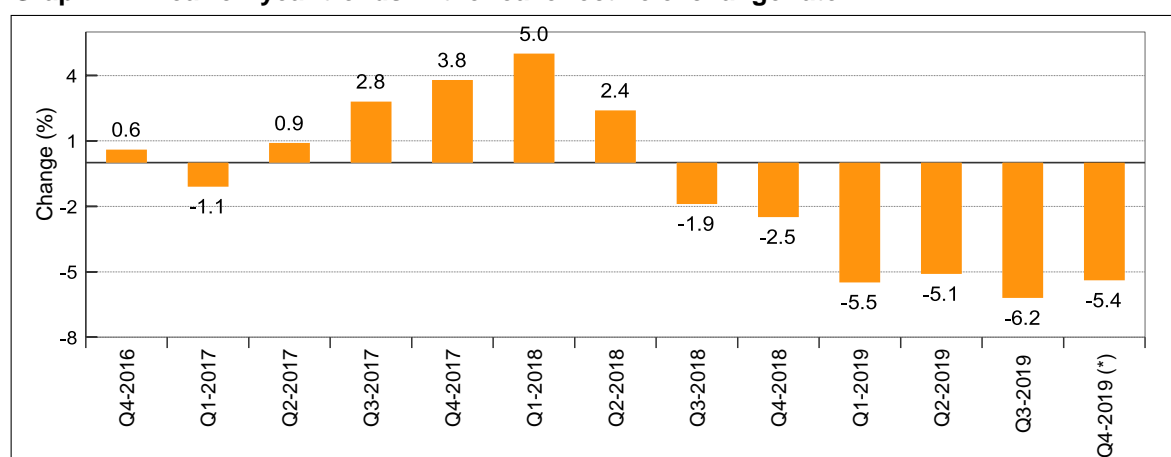
(*): Annual average

154. Total inflation stood at -0.7%, on a yearly average basis, after +1.2% in 2018.

4.2 - External competitiveness

155. The real effective exchange rate (REER) fell by 5.4% in the third quarter of 2019 compared to the same period the previous year, following a decline of 6.2% in the previous quarter. This development reflects an increase in the Union's competitiveness, mainly linked to the inflation differential in WAEMU's favor (-4.1 points), as compared to its partners, as well as the decrease in the nominal effective exchange rate (-1.5%).

156. The trend in the nominal effective exchange rate in the fourth quarter of 2019 mainly reflected the annual depreciation of the CFA franc against the Japanese yen (-6.5%), the Swiss franc (-3.5%), the US dollar (-3.0%) and the naira (-2.9%). In contrast, the CFA franc appreciated against the Ghanaian cedi (+9.3%) and the South African rand (+0.1%). During the quarter under review, the inflation rate in the Union was -0.6%, compared with an average increase of 3.5% in partner countries.

Graph 22 - Year-on-year trends in the real effective exchange rate

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

157. The table below shows the Union's gains or losses in overall competitiveness with respect to partner groups.

Table 26 - Trends in competitiveness by partner groups (%)

Partner countries	Year		Quarterly change			Annual change		
	2018	2019	Q2- 2019	Q3- 2019	Q4- 2019(*)	Q2- 2019	Q3- 2019	Q4- 2019 (*)
Developed countries	0.8	-3.4	-1.6	-0.8	-0.5	-3.4	-3.6	-3.5
Eurozone	-0.7	-2.1	-1.2	-0.6	-0.2	-2.2	-2.3	-2.3
Neighboring countries	-2.9	-11.8	-4.8	-3.3	-1.5	-11.9	-11.9	-10.4
Asian countries	3.1	-5.3	0.9	-1.0	-2.6	-4.2	-5.6	-5.9
EU countries	-0.6	-2.2	-1.1	-0.3	-0.6	-2.1	-2.2	-2.6
Emerging countries	3.5	-4.6	0.7	-1.2	-2.1	-2.6	-6.0	-6.7
CEMAC	0.9	-1.3	-1.1	1.1	-0.4	-1.1	-1.3	-1.6
All	0.9	-5.4	0.2	-1.8	-1.1	-5.1	-6.2	-5.4

Source: BCEAO.

(*) Estimates

(+) *REER appreciation or loss of competitiveness* (-) *REER depreciation or gain in competitiveness***V - INFLATION FORECAST**

158. 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 taken into account in the internal projections.

5.1 - Assumptions used for inflation projections

159. The assumptions used for the projections counted on an increase in world prices for petroleum products. The average price of crude oil (WTI) is expected to rise from \$57 in 2019 to \$60 in 2020 and 2021.⁵
160. On the foreign exchange market, the euro is expected to average \$1.10 in 2020 and 2021,⁶ compared to \$1.12 in 2019.
161. 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 Eurozone⁷ is expected to drop from 1.2% in 2019 to 1.1% in 2020, before rising to 1.4% in 2021.
162. IMF forecasts showed an increase in world food prices in 2020 and 2021. After falling by 3.4% in 2019, prices are expected to rise by 2.8% in 2020 and 1.5% in 2021. The expected price hikes in 2020 reflect an anticipated drop of 2.4%, year over year, in world cereal production.
163. According to the Inter-State Committee for Drought Control in the Sahel (CILSS), the 2019/2020 agropastoral season was marked by early seedling development and heavy rains, causing flooding in some regions. Cereal production for the season was only up by 1.2% in comparison to the previous season. However, the median scenario assumes normal development for the 2020/2021 season, with an increase of 5.0%.

5/ Futures market data is from Bloomberg 6/ ECB projections, December 2019.

7/ ECB forecasts, December 2019.

164. In the light of the uncertainties surrounding 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 rate), or plus or minus 10 US dollars (price per barrel of crude oil).

Table 27 - Inflation projection assumptions (%)

	2019	2020			2021		
		Lower	Median	Higher	Lower	Median	Higher
Barrel of oil (WTI, in dollars)	57	50	60	70	50	60	70
Euro/dollar exchange rate	1.12	1.15	1.10	1.05	1.15	1.10	1.05
Eurozone inflation (%)	1.2	0.6	1.1	1.6	0.9	1.4	1.9
Food prices (%)	-3.4	-2.2	2.8	7.8	-3.5	1.5	6.5
Cereal production in the Union (%)	1.2	10.0	5.0	0.0	10.0	5.0	0.0

Sources: Bloomberg, ECB, BCEAO

5.2 - Inflation profile over the next eight quarters

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

Table 29 - Inflation outlook in WAEMU (%)

		Year over year								Average				
		2019	2020				2021				2019	2020	2021	Eight quarters
		Q4 Actual	Q1 Fore-cast	Q2 Fore-cast	Q3 Fore-cast	Q4 Fore-cast	Q1 Fore-cast	Q2 Fore-cast	Q3 Fore-cast	Q4 Fore-cast				
Inflation rate	Lower scenario	-0.6	0.1	0.4	0.8	0.8	0.8	0.8	0.8	0.8	-0.7	0.5	0.8	0.7
	Median scenario	-0.6	0.3	0.7	1.2	1.3	1.4	1.5	1.6	1.6	-0.7	0.9	1.5	1.2
	Higher scenario	-0.6	0.5	1.0	1.6	1.8	2.0	2.2	2.4	2.4	-0.7	1.2	2.3	1.7

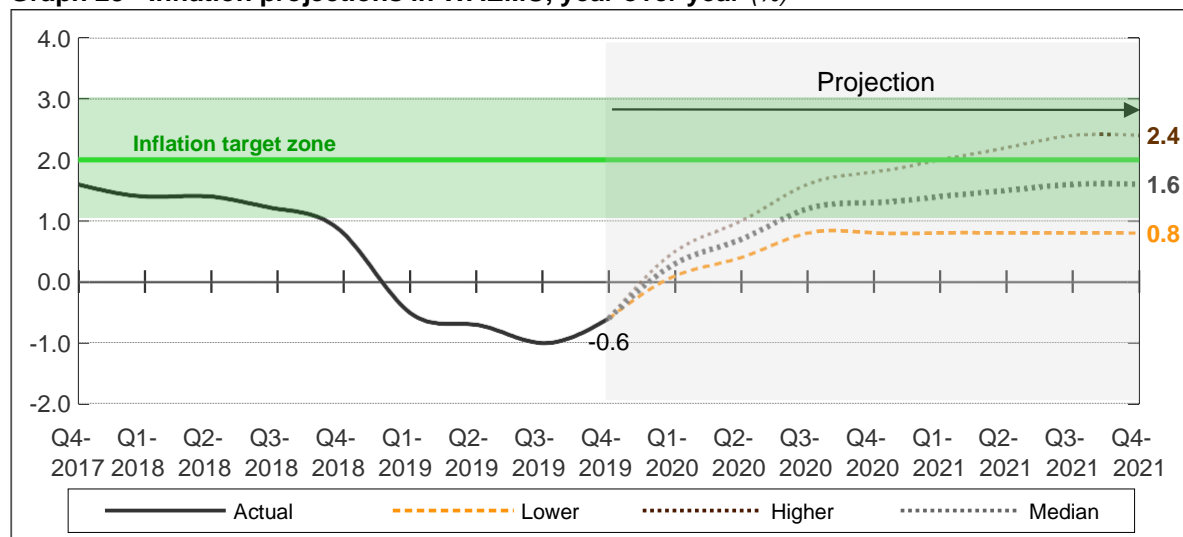
Source: BCEAO

166. According to the median scenario, the year-over-year inflation rate is projected at 0.3% in the first quarter of 2020, compared with -0.6% in the fourth quarter of 2019, in conjunction with the impact of increases in the price of gas at the pump in some countries in the Union (Burkina Faso, Côte d'Ivoire, Senegal and Togo) and the expected upturn in cereal prices after the sharp decline in 2019.

167. Looking ahead eight quarters, the inflation rate should stand at 1.6%, within the comfort zone (between 1.0% and 3.0%) defined for the Union's monetary policy implementation. The

gradual increase in the rate of inflation in 2020 will reflect the slowdown in the pace of growth in food production in the next crop season (+1.2% versus +9.0% previously), as well as the projected upturn in prices of imported food products from 2020 onwards.

Graph 23 - Inflation projections in WAEMU, year over year (%)



Source: BCEAO

5.3 - Risks to the inflation outlook

168. Among the downside risks affecting inflation over the next few quarters is the possibility that the expected recovery in crude oil prices will not materialize, due to an abundant supply of oil and a slowdown in global demand.
169. Upside risks include a higher-than-expected increase in the price of local cereals due to a drop in production in the 2020/2021 crop year, in connection with unfavorable weather conditions and continuing insecurity in production areas.

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APPENDICES

- **Table A.1 - Treasury bill issues in 2019**
- **Table A.2 - Treasury bond issues in 2019**
- **Table A.3 - WAMU: Central Bank summary statement**
- **Table A.4 - WAMU: Summary statement of banks**
- **Table A.5 - WAMU: Monetary aggregates**
- **Table A.6 - WAMU: Net claims on central governments**
- **Table A.7 - Breakdown of inflation in WAEMU**

Table A.1 - Treasury bill issues in 2019* (in millions of CFA francs, except where otherwise indicated)

Issuer	Instrument	Issued by	Maturity	Date of issue	Value date	Due date	Amount advertised	Amount offered	Amount accepted	AR	WAR
Benin	T-bill	Auction	12 months	01/09/19	01/11/19	01/09/20	20,000	36,211	21,947	6.45	6.31
	T-bill	Auction	6 months	02/21/19	02/22/19	08/22/19	25,000	26,890	25,000	6.35	6.10
	T-bill	Auction	6 months	05/16/19	05/17/19	11/14/19	25,000	50,911	27,500	5.35	5.07
	T-bill	Auction	3 months	06/13/19	06/14/19	09/12/19	25,000	26,646	26,646	6.00	5.70
Burkina Faso	T-bill	Auction	12 months	01/08/19	01/09/19	01/07/20	25,000	25,313	25,313	6.50	6.23
	T-bill	Auction	12 months	01/23/19	01/24/19	01/22/20	15,000	16,323	16,322	6.49	6.40
	T-bill	Auction	6 months	02/06/19	02/07/19	08/07/19	30,000	32,381	30,000	6.40	6.16
	T-bill	Auction	12 months	02/20/19	02/21/19	02/19/20	15,000	26,897	15,791	6.40	6.23
	T-bill	Auction	12 months	03/06/19	03/07/19	03/04/20	30,000	51,329	33,000	6.32	6.25
	T-bill	Auction	3 months	04/03/19	04/04/19	07/03/19	25,000	61,179	27,500	5.85	5.81
	T-bill	Auction	12 months	04/17/19	04/18/19	04/15/20	25,000	87,362	27,500	5.80	5.80
	T-bill	Auction	12 months	05/22/19	05/23/19	05/20/20	20,000	67,554	22,000	5.38	5.12
	T-bill	Auction	3 months	06/26/19	06/27/19	09/25/19	25,000	32,867	25,597	5.75	5.33
	T-bill	Auction	12 months	07/24/19	07/25/19	07/22/20	20,000	91,880	22,000	5.25	5.15
	T-bill	Auction	12 months	08/21/19	08/22/19	08/19/20	20,000	70,994	22,000	5.25	5.16
	T-bill	Auction	12 months	10/01/19	10/02/19	09/29/20	25,000	38,225	27,500	5.30	5.16
	T-bill	Auction	12 months	11/06/19	11/07/19	11/04/20	10,000	65,966	11,000	5.05	5.03
T-bill	Auction	12 months	12/04/19	05/12/19	12/02/20	20,000	85,296	22,000	5.00	4.95	
Côte d'Ivoire	T-bill	Auction	3 months	01/11/19	01/14/19	04/14/19	30,000	40,702	30,000	5.10	4.88
	T-bill	Auction	12 months	01/15/19	01/16/19	01/14/20	35,000	46,735	38,500	5.80	5.50
	T-bill	Auction	6 months	01/29/19	01/30/19	07/30/19	30,000	44,330	33,000	5.70	5.53
	T-bill	Auction	3 months	02/04/19	02/05/19	05/06/19	30,000	47,273	33,000	5.15	5.06
	T-bill	Auction	12 months	02/12/19	02/13/19	02/11/20	35,000	35,510	33,002	5.80	5.75
	T-bill	Auction	6 months	02/26/19	02/27/19	08/27/19	30,000	30,508	26,500	5.50	5.36
	T-bill	Auction	3 months	03/05/19	03/06/19	06/04/19	30,000	46,040	33,000	5.10	5.05
	T-bill	Auction	6 months	03/13/19	03/14/19	09/11/19	30,000	18,168	16,158	5.55	5.38
	T-bill	Auction	6 months	03/26/19	03/27/19	09/24/19	30,000	18,260	15,750	5.55	5.38
	T-bill	Auction	3 months	04/12/19	04/15/19	07/14/19	25,000	45,955	27,500	5.05	5.03
	T-bill	Auction	3 months	04/26/19	04/29/19	07/28/19	30,000	69,645	33,000	4.85	4.84
	T-bill	Auction	3 months	05/14/19	05/15/19	08/13/19	25,000	57,211	27,500	4.49	4.38
	T-bill	Auction	12 months	05/21/19	05/22/19	05/19/20	20,000	20,512	18,512	5.60	5.17
	T-bill	Auction	3 months	05/27/19	05/28/19	08/26/19	25,000	34,707	27,500	4.50	4.48
	T-bill	Auction	3 months	06/24/19	06/25/19	09/23/19	25,000	45,952	27,500	4.40	4.33
	T-bill	Auction	3 months	07/09/19	07/10/19	10/08/19	27,500	23,700	18,700	5.05	4.84
	T-bill	Auction	12 months	07/09/19	07/10/19	07/07/20	27,500	35,107	30,503	5.60	5.32
	T-bill	Auction	3 months	07/16/19	07/17/19	10/15/19	25,000	30,558	27,500	5.50	4.80
	T-bill	Auction	3 months	08/05/19	08/06/19	11/04/19	25,000	53,237	27,500	5.05	4.81
	T-bill	Auction	3 months	08/20/19	08/21/19	11/19/19	25,000	44,039	27,500	4.80	4.76
T-bill	Auction	3 months	09/16/19	09/17/19	12/16/19	25,000	55,705	12,127	4.49	4.45	
T-bill	Auction	3 months	09/24/19	09/25/19	12/24/19	25,000	73,508	27,500	4.30	4.21	
T-bill	Auction	3 months	09/27/19	09/30/19	12/29/19	25,000	56,506	27,500	4.09	4.07	
Guinea-Bissau	T-bill	Auction	12 months	02/05/19	02/06/19	02/04/20	6,000	4,008	4,008	6.60	6.48
	T-bill	Auction	12 months	04/02/19	04/03/19	03/31/20	8,000	12,841	8,800	6.45	6.34
Mali	T-bill	Auction	12 months	01/16/19	01/17/19	01/15/20	20,000	39,584	22,000	6.25	5.96
	T-bill	Auction	12 months	02/13/19	02/14/19	02/12/20	20,000	37,742	22,000	6.31	6.06
	T-bill	Auction	12 months	05/15/19	05/16/19	05/13/20	25,000	70,430	27,500	5.59	5.49
	T-bill	Auction	12 months	06/12/19	06/13/19	06/10/20	20,000	43,642	22,000	5.50	5.32
	T-bill	Auction	12 months	10/09/19	10/10/19	10/07/20	20,000	59,497	22,000	5.25	5.23
	T-bill	Auction	12 months	12/11/19	12/12/19	12/09/20	10,000	38,487	11,000	4.85	4.75
Niger	T-bill	Auction	12 months	01/17/19	01/18/19	01/16/20	20,000	29,803	21,923	6.45	6.23
	T-bill	Auction	12 months	02/14/19	02/15/19	02/13/20	25,000	37,466	27,068	6.30	6.16
	T-bill	Auction	12 months	04/11/19	04/12/19	04/09/20	20,000	68,364	22,000	6.00	6.00
	T-bill	Auction	12 months	07/04/19	04/05/19	07/02/20	20,000	58,254	22,000	5.90	5.85
	T-bill	Auction	12 months	05/28/19	05/29/19	05/26/20	20,000	27,213	22,000	5.85	5.61
	T-bill	Auction	6 months	06/20/19	06/21/19	12/19/19	40,000	79,211	44,000	5.80	5.61
	T-bill	Auction	12 months	06/27/19	06/28/19	06/25/20	20,000	33,456	22,000	6.00	5.87
	T-bill	Auction	12 months	07/30/19	07/31/19	07/28/20	20,000	27,495	22,000	5.80	5.44
	T-bill	Auction	12 months	08/08/19	08/09/19	08/06/20	20,000	42,954	22,000	5.70	5.49
	T-bill	Auction	12 months	08/22/19	08/23/19	08/20/20	20,000	56,375	22,000	5.50	5.11
	T-bill	Auction	12 months	09/12/19	09/13/19	09/10/20	20,000	35,322	22,000	5.50	5.37
	T-bill	Auction	3 months	09/26/19	09/27/19	12/26/19	25,000	59,923	27,500	5.25	5.07
	T-bill	Auction	12 months	10/02/19	10/03/19	09/30/20	20,000	16,553	16,553	6.00	5.42
	T-bill	Auction	12 months	10/24/19	10/25/19	10/22/20	20,000	34,442	22,000	5.45	5.26
	T-bill	Auction	12 months	11/07/19	11/08/19	11/05/20	20,000	33,284	22,000	5.15	5.08
	T-bill	Auction	12 months	11/29/19	12/02/19	11/29/20	20,000	57,663	22,000	5.00	4.96
T-bill	Auction	6 months	12/05/19	12/06/19	06/04/20	25,000	60,114	27,500	4.96	4.90	
Togo	T-bill	Auction	12 months	01/10/19	01/11/19	01/09/20	20,000	18,625	13,625	6.50	6.442
	T-bill	Auction	12 months	04/19/19	04/23/19	04/20/20	20,000	77,135	22,000	5.75	5.631
	T-bill	Auction	12 months	06/14/19	06/17/19	06/14/20	20,000	21,354	15,729	6.00	5.826

Source: BCEAO (*) at the end of December 2019

Table A.2: Treasury Bond issues in 2019* (in millions of CFA francs, except where otherwise indicated)

Issuer	Instrument	Issued by	Maturity	Date of issue	Value date	Due date	Amount advertised	Amount offered	Amount accepted	AR	WAR	Coupon	
Benin	T-bond	Auction	3.00	01/24/19	01/25/19	01/25/22	20,000	47,425	22,000	7.24	7.18	6.10	
	T-bond	Auction	3.00	02/07/19	02/08/19	01/25/22	20,000	40,083	22,000	7.25	6.99	6.10	
	T-bond	Auction	5.00	03/07/19	03/08/19	03/08/24	15,000	20,320	13,320	7.53	6.99	6.30	
	T-bond	Auction	5.00	04/18/19	04/19/19	04/19/24	15,000	58,105	18,447	6.84	6.77	6.30	
	T-bond	Auction	7.00	04/18/19	04/19/19	04/19/26	15,000	16,503	14,553	7.19	7.06	6.40	
Burkina Faso	T-bond	Auction	3.00	01/23/19	01/24/19	01/24/22	15,000	13,439	13,229	7.79	7.57	6.15	
	T-bond	Auction	3.00	02/20/19	02/21/19	02/21/22	15,000	18,781	17,208	7.69	7.58	6.15	
	T-bond	Syndication	8.00	04/30/19	05/07/19	05/07/27	60,000	86,363	86,363	6.49	6.49	6.50	
	T-bond	Auction	3.00	05/08/19	05/09/19	05/09/22	12,500	59,872	7,417	6.14	6.07	6.15	
	T-bond	Auction	5.00	05/08/19	05/09/19	05/09/24	12,500	22,044	20,083	6.97	6.72	6.25	
	T-bond	Auction	3.00	06/07/19	06/11/19	05/09/22	20,000	44,436	22,000	6.33	6.19	6.15	
	T-bond	Auction	3.00	07/10/19	07/11/19	07/11/22	25,000	49,064	27,500	6.52	6.37	6.15	
	T-bond	Auction	3.00	08/06/19	08/07/19	08/07/22	20,000	35,763	22,000	6.51	6.40	6.15	
	T-bond	Auction	5.00	09/04/19	09/05/19	09/05/24	20,000	57,990	22,000	6.48	6.41	6.25	
	Côte d'Ivoire	T-bond	Syndication	7.00	03/15/19	03/20/19	03/20/26	75,000	102,481	102,481	5.74	5.74	5.75
T-bond		Syndication	10.00	03/15/19	03/20/19	03/20/29	50,000	31,533	31,533	5.99	5.99	6.00	
T-bond		Auction	5.00	03/19/19	03/20/19	03/20/24	30,000	31,500	31,500	7.29	6.81	5.80	
T-bond		Auction	3.00	05/03/19	05/06/19	05/06/22	75,000	121,568	116,248	6.84	6.80	5.90	
T-bond		Auction	5.00	05/03/19	05/06/19	05/06/24	75,000	40,985	40,985	6.84	6.71	6.00	
T-bond		Auction	3.00	05/21/19	05/22/19	05/22/22	20,000	28,458	25,488	6.44	5.75	5.70	
T-bond		Syndication	5.00	03/15/19	06/03/21	06/03/26	40,000	50,320	50,320	2.23	2.23	2.23	
T-bond		Syndication	7.00	03/15/19	06/03/19	06/03/26	70,000	75,480	75,480	5.74	5.74	5.75	
T-bond		Auction	3.00	07/23/19	07/24/19	07/24/22	25,000	27,002	26,202	6.45	6.42	5.70	
T-bond		Auction	3.00	08/05/19	08/06/19	08/06/22	25,000	40,500	27,500	6.45	6.41	5.70	
T-bond		Auction	3.00	09/16/19	09/17/19	09/17/22	25,000	42,873	42,873	6.45	6.39	5.70	
T-bond		Auction	3.00	10/03/19	10/04/19	10/04/22	75,000	126,601	126,601	6.84	6.69	5.90	
T-bond		Auction	5.00	10/03/19	10/04/19	10/04/24	75,000	43,228	38,399	6.72	6.61	6.00	
Guinea-Bissau		T-bond	Auction	3.00	03/12/19	03/13/19	03/13/22	6,000	6,899	6,566	8.04	7.84	6.50
	T-bond	Auction	3.00	06/11/19	06/12/19	06/12/22	10,000	14,945	11,000	7.64	7.18	6.50	
	T-bond	Auction	3.00	09/17/19	09/18/19	09/18/22	5,000	12,540	3,941	7.07	6.80	6.50	
	T-bond	Auction	5.00	09/17/19	09/18/19	09/18/24	5,000	13,091	7,059	7.48	7.22	6.65	
	T-bond	Auction	3.00	10/08/19	10/09/19	09/18/22	7,500	11,952	6,200	6.97	6.91	6.50	
	T-bond	Auction	5.00	10/08/19	10/09/19	10/09/24	7,500	30,333	10,300	7.37	7.28	6.65	
	Mali	T-bond	Auction	3.00	01/30/19	01/31/19	01/31/22	20,000	14,778	14,708	7.68	7.42	6.15
T-bond		Auction	3.00	02/27/19	02/28/19	02/28/22	25,000	50,182	41,850	7.69	7.14	6.15	
T-bond		Auction	5.00	02/27/19	02/28/19	02/28/24	25,000	13,150	13,150	7.47	7.07	6.40	
T-bond		Auction	3.00	03/27/19	03/28/19	03/28/22	20,000	52,944	22,000	7.67	7.42	6.15	
T-bond		Auction	3.00	04/10/19	04/11/19	04/11/22	20,000	74,107	22,000	7.19	7.10	6.15	
T-bond		Auction	5.00	04/24/19	04/25/19	02/28/24	15,000	57,195	16,500	6.80	6.73	6.40	
T-bond		Auction	5.00	05/29/19	05/31/19	05/31/24	20,000	32,979	22,000	6.75	6.69	6.40	
T-bond		Syndication	8.00	06/17/19	07/12/19	07/12/27	100,000	116,421	116,421	6.49	6.49	6.50	
T-bond		Syndication	8.00	07/05/19	07/12/19	07/12/27	100,000	116,421	116,421	6.49	6.49	6.50	
T-bond		Auction	3.00	07/31/19	08/01/19	08/01/22	20,000	50,621	22,000	6.62	6.43	6.15	
T-bond		Auction	5.00	08/14/19	08/16/19	08/16/24	20,000	19,246	16,746	7.38	7.06	6.40	
T-bond		Auction	3.00	08/28/19	08/29/19	08/29/22	25,000	70,288	27,500	6.59	6.47	6.15	
T-bond		Auction	5.00	09/11/19	09/12/19	09/12/24	20,000	48,745	22,000	6.79	6.66	6.40	
T-bond		Auction	3.00	09/25/19	09/26/19	09/26/22	20,000	50,797	22,000	6.14	6.15	6.15	
T-bond		Auction	5.00	10/23/19	10/24/19	10/24/24	15,000	75,441	16,500	6.39	6.40	6.40	
T-bond		Auction	3.00	11/21/19	11/22/19	11/22/22	20,000	71,341	22,000	6.13	6.11	6.15	
Niger		T-bond	Auction	5.00	03/14/19	03/15/19	03/15/24	30,000	42,625	33,000	7.74	6.94	6.25
		T-bond	Syndication	7.00	03/25/19	03/28/19	03/28/26	60,000	71,500	71,500	6.49	6.49	6.50
	T-bond	Auction	3.00	03/28/19	03/29/19	03/29/22	20,000	69,325	22,000	7.48	7.38	6.15	
	T-bond	Auction	3.00	05/09/19	05/10/19	05/10/22	20,000	66,341	22,000	6.22	6.15	6.15	
	T-bond	Syndication	7.00	07/03/19	08/01/19	08/01/26	40,000	41,500	41,500	6.49	6.49	6.50	
Senegal	T-bond	Auction	5.00	06/06/19	06/07/19	06/07/24	18,000	50,131	20,600	6.06	6.00	6.00	
	T-bond	Auction	7.00	06/06/19	06/07/19	06/07/26	19,000	35,642	34,400	6.51	6.33	6.15	
	T-bond	Auction	3.00	09/13/19	09/16/19	09/16/22	16,667	50,700	35,450	5.84	5.73	5.85	
	T-bond	Auction	7.00	09/13/19	09/16/19	09/16/26	16,667	39,321	19,550	6.41	6.30	6.15	
	T-bond	Auction	5.00	11/08/19	11/11/19	06/07/24	25,000	125,897	19,288	5.98	5.93	6.00	
	T-bond	Auction	7.00	11/08/19	11/11/19	09/16/26	25,000	71,410	35,713	6.14	6.14	6.15	
	T-bond	Auction	3.00	12/06/19	12/09/19	12/09/22	200,000	128,944	128,944	6.13	5.82	5.85	
	T-bond	Auction	5.00	12/06/19	12/09/19	12/09/24	200,000	161,506	21,256	6.31	6.03	6.00	
	T-bond	Auction	7.00	12/06/19	12/09/19	12/09/26	200,000	95,056	49,800	6.51	6.33	6.15	
	Togo	T-bond	Auction	3.00	01/25/19	01/28/19	01/28/22	20,000	36,094	22,000	7.58	7.38	6.25
T-bond		Auction	3.00	08/02/19	02/11/19	02/11/22	20,000	27,847	20,000	7.99	7.57	6.25	
T-bond		Auction	3.00	02/22/19	02/25/19	04/23/21	15,000	35,679	13,000	8.00	7.88	6.25	
T-bond		Auction	3.00	03/08/19	03/11/19	03/11/22	10,000	19,780	16,588	7.39	7.26	6.25	
T-bond		Auction	5.00	03/08/19	03/11/19	03/11/24	10,000	5,815	5,412	7.48	7.34	6.50	
T-bond		Auction	3.00	04/05/19	04/08/19	03/11/22	20,000	77,239	22,000	7.22	7.17	6.25	
T-bond		Auction	5.00	05/17/19	05/20/19	03/11/24	20,000	62,070	22,000	6.73	6.62	6.50	
T-bond		Auction	3.00	05/31/19	06/03/19	06/03/22	15,000	41,789	16,500	6.60	6.29	6.25	
T-bond		Auction	3.00	06/28/19	07/01/19	06/03/22	20,000	40,205	22,000	7.01	6.62	6.25	
T-bond		Auction	3.00	07/12/19	07/15/19	07/15/22	20,000	43,060	22,000	6.62	6.52	6.25	
T-bond		Auction	5.00	07/26/19	07/29/19	03/11/24	20,000	37,525	22,000	6.74	6.68	6.50	
T-bond		Auction	3.00	08/09/19	08/13/19	07/15/22	20,000	29,557	22,000	6.82	6.55	6.25	
T-bond		Auction	5.00	09/06/19	09/09/19	09/09/24	20,000	48,466	22,000	6.73	6.62	6.50	
T-bond		Auction	3.00	10/04/19	10/07/19	10/07/22	20,000	47,341	22,000	6.53	6.39	6.25	

Source: BCEAO (*) at the end of December 2019

Table A.3: WAMU: Central Bank summary statement

Encours en milliards - FCFA	2018				2019			
	mars-18	juin-18	sept-18	déc-18	mars-19	juin-19	sept-19	déc-19
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
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
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
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	4 708,4
Créances nettes sur l'administration centrale	-975,2	-135,4	241,0	293,3	44,2	-1,3	470,3	40,4
Créances sur l'économie	229,1	244,3	250,1	437,3	466,7	472,1	478,9	484,5
TOTAL ACTIF	10 600,2	11 310,7	10 626,3	11 511,3	11 641,5	11 677,8	11 967,6	13 505,6
Base monétaire	8 501,9	9 080,7	8 522,3	8 969,5	9 073,1	9 036,3	9 044,2	10 568,3
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
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
Engagements envers les autres secteurs (1)	396,2	432,9	466,1	417,9	400,3	416,8	474,8	693,5
Dépôts exclus de la base monétaire (2)	0,4	3,2	0,5	0,5	7,0	1,8	0,5	1,4
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
Autres postes (net)	52,5	76,3	5,3	177,6	56,8	174,6	261,5	339,0
TOTAL PASSIF	10 600,2	11 310,7	10 626,3	11 511,3	11 641,5	11 677,8	11 967,6	13 505,6

Source: BCEAO

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

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

Table A.4: WAMU: Summary statement of banks

Encours en milliards - FCFA	2018				2019			
	mars-18	juin-18	sept.-18	déc.-18	mars-19	juin-19	sept.-19	déc.-19
Actifs extérieurs nets	-720,6	-1 417,5	-1 368,8	-1 209,4	-1 101,5	-1 183,7	-1 172,2	-957,2
Créances sur les non-résidents	791,2	676,4	592,3	760,8	694,0	792,3	702,7	877,2
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	-1 834,4
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	2 790,1
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	8 109,0
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	23 126,4
Créances sur les autres sociétés financières	1 029,9	1 060,6	946,7	856,2	806,8	726,7	703,5	807,5
Créances sur les sociétés non-financières publiques	1 387,3	1 260,3	1 354,7	1 651,4	1 706,7	1 951,4	1 698,6	1 738,2
Créances sur le secteur privé	17 405,5	17 706,0	17 878,7	18 861,3	18 670,2	19 372,4	19 509,1	20 486,6
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	4 482,6
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	12 658,1
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	10 026,4
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	1 086,0
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
Emprunts	842,1	540,8	653,4	749,7	858,0	1 287,6	776,8	881,4
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	3 531,8
Autres postes (net)	1 223,6	915,8	809,6	1 064,3	709,0	-30,1	462,8	380,1
PASSIF								

Source: BCEAO

Table A.5: WAMU: Monetary aggregates

En milliards de FCFA	2018				2019			
	mars-18	juin-18	sept.-18	déc.-18	mars-19	juin-19	sept.-19	déc.-19
<i>Circulation fiduciaire</i>	5 920,1	5 954,9	5 745,6	6 275,9	6 373,6	6 266,4	6 131,2	6 944,8
<i>Dépôts à vue</i>	11 047,6	11 273,9	11 249,7	12 189,3	12 061,9	12 533,8	12 247,5	13 228,8
<i>M1</i>	16 967,7	17 228,8	16 995,3	18 465,2	18 435,5	18 800,1	18 378,6	20 173,6
<i>Autres dépôts inclus dans la masse monétaire (1)</i>	8 630,8	8 718,6	9 024,7	9 261,7	9 345,5	9 609,7	9 847,1	10 427,2
MASSE MONETAIRE (M2)	25 598,5	25 947,4	26 020,0	27 726,8	27 781,0	28 409,8	28 225,7	30 600,8
<i>Actifs extérieurs nets</i>	6 784,2	6 177,3	5 093,1	5 375,1	5 713,6	5 760,8	5 315,1	7 315,2
<i>Banque Centrale</i>	7 504,8	7 594,8	6 461,9	6 584,5	6 815,1	6 944,5	6 487,3	8 272,4
<i>Banques</i>	-720,6	-1 417,5	-1 368,8	-1 209,4	-1 101,5	-1 183,7	-1 172,2	-957,2
<i>Créances intérieures</i>	26 236,1	26 896,5	27 950,6	30 021,8	29 744,5	30 440,5	31 161,9	31 727,6
<i>Créances nettes sur l'administration centrale</i>	6 077,3	6 597,3	7 455,5	8 110,5	7 980,9	7 779,6	8 707,4	8 116,7
<i>Créances sur les autres secteurs</i>	20 158,7	20 299,3	20 495,2	21 911,4	21 763,6	22 660,9	22 454,5	23 610,8
<i>Passifs à caractère non monétaire (2)</i>	6 778,6	6 482,0	6 621,3	7 177,3	7 512,3	8 053,0	7 904,7	8 119,4
<i>Autres postes nets (3)</i>	643,2	644,5	402,5	492,8	164,8	-261,5	346,5	322,5
TOTAL DES CONTREPARTIES DE M2 (4)	25 598,5	25 947,4	26 020,0	27 726,8	27 781,0	28 409,8	28 225,7	30 600,8

Source: BCEAO

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

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

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

(4) Total des contreparties = Actifs extérieurs nets + Créances intérieures - Passifs à caractère non-monétaire - Autres postes nets.

Table A.6: WAMU: Net claims on central governments

En milliards de FCFA	2018				2019			
	mars-18	juin-18	sept.-18	déc.-18	mars-19	juin-19	sept.-19	déc.-19
Créances nettes de la BCEAO	-1 005,5	-168,0	210,6	260,8	15,1	-34,0	437,7	7,8
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
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
Concours adossés aux DTS	137,6	119,1	100,4	79,5	60,6	49,0	22,2	20,5
Découverts statutaires consolidés	226,9	226,2	225,5	224,8	224,0	223,3	222,6	221,8
Concours du FMI	1 236,6	1 337,3	1 332,5	1 416,0	1 413,0	1 427,6	1 501,2	1 560,5
Autres concours de Gouvernements étrangers (1)	5,5	5,5	2,7	0,0	0,0	242,3	0,0	0,0
Autres créances (2)	242,3	242,3	242,3	242,3	242,3	13,5	242,3	242,3
Engagements	2 866,6	2 111,5	1 707,5	1 717,4	1 937,1	1 989,7	1 565,2	2 053,3
Encaisses du Trésor	30,2	32,6	30,4	32,5	29,1	32,6	32,6	32,6
Dépôts	2 817,8	2 051,5	1 634,0	1 624,5	1 891,7	1 924,3	1 483,0	1 951,7
Autres engagements (3)	18,5	27,4	43,1	60,5	16,4	32,7	49,6	69,0
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	8 109,0
Créances	9 121,1	9 086,5	9 455,1	10 130,2	10 417,3	10 371,5	10 897,1	11 097,8
Crédits	1 395,0	1 232,1	1 563,3	1 821,3	1 966,3	2 065,3	2 113,4	2 183,2
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	8 914,1
Engagements	2 038,3	2 321,2	2 210,2	2 280,5	2 451,5	2 557,9	2 627,3	2 988,9
TOTAL CREANCES NETTES SUR L'ADMINISTRATION CENTRALE	6 077,3	6 597,3	7 455,5	8 110,5	7 980,9	7 779,6	8 707,4	8 116,7

Source: BCEAO

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

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

(3) Taxes recouvrées, commissions sur transferts et autres sommes recouvrées pour le compte des Etats.

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

	Components	Weighting (%)	Q4-2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019
Annual change (%)	Local	70.0	0.4	-0.5	-0.7	-1.3	-0.8
	Imported	30.0	1.9	-0.8	-0.8	-0.5	-0.2
Contributions (in % points)	Local	70.0	0.3	-0.3	-0.5	-0.9	-0.5
	Imported	30.0	0.6	-0.2	-0.2	-0.1	-0.1
	Total	100	0.9	-0.5	-0.7	-1.0	-0.6

Sources: BCEAO, NSIs.

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

	Components	Weighting (%)	Q4-2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019
Change (in %)	Goods	70.7	0.9	-0.7	-1.5	-1.9	-1.4
	Services	29.3	0.8	0.1	1.2	1.2	1.2
Contributions (in % points)	Goods	70.7	0.6	-0.5	-1.1	-1.4	-1.0
	Services	29.3	0.2	0.0	0.4	0.4	0.4
	Total	100	0.8	-0.5	-0.7	-1.0	-0.6

Sources: BCEAO, NSIs.



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