MINISTRY OF FINANCE

SECRETARIAT GENERAL

DIVISION OF FORECASTS

REPUBLIC OF CAMEROON
Peace – Work – Fatherland

FIRST QUARTER 2023 ECONOMIC OUTLOOK BULLETIN

CONTENTS

ACRONYMS AND ABBREVIATIONS

BEAC	Bank of Central African States
CEMAC	Economic and Monetary Community of Central Africa
CT	Corporate Income Tax
DF	Division of Forecasts
DGC	Directorate General of Customs
GDP	Gross Domestic Product
GNP	Government Net Position
OECD	Organization for Economic Cooperation and Development
HPSF	Hydrocarbons Prices Stabilization Fund
IMF	International Monetary Fund
lb	English Pound
MINFI	Ministry of Finance
NHC	National Hydrocarbons Corporation
NTP	Treasury Net Position
STPP	Special tax on the sale of petroleum products
VAT	Value added Tax

International economic environment

In the first quarter of 2023, the global economy is regaining strength and moving onto a better trend. There has been an increase in the supply of cereals, a fall in the prices of energy products and an improvement in supply chains.

According to the OECD, **economic growth in the group of advanced economies** stood at 0.3%, after 0.4% in the previous quarter. **In the emerging and developing countries**, growth accelerated in the main countries of the group: China (2.2% after 0.6%); India (1.9% after 1.0%); Mexico (1.0% after 0.6%) and South Africa (0.4% against -1.1%).

Over 2023 as a whole, the IMF expects the world economy to grow by 2.8% (World Economic Outlook, April 2023). **In the advanced economies**, growth is set to fall from 2.7% in 2022 to 1.3% in 2023. **In the USA**, growth is expected to fall to 1.6% from 2.1% in 2022. **In the Eurozone**, growth would be 0.8% after 3.5% in 2022. **In the UK**, growth would be negative, at around -0.3% compared with 4.0% in 2022. **In Japan**, on the other hand, growth is expected to accelerate to 1.3% from 1.1% in 2022.

In the group of emerging and developing countries, growth is set to slow slightly from 4.0% in 2022 to 3.9% in 2023. In the Group's main economies, growth is expected to be : (i) 5.2% after 3.0% in 2022 in China; (ii) 5.9% after 6.8% in 2022 in India; (iii) 0.7% after -2.1% in Russia; (iv) 0.9% after 2.9% in Brazil.

The slowdown in growth would also be noticeable in sub-Saharan Africa, with a rate of 3.6% after 3.9% in 2022. In Nigeria, growth would be 3.2% after 3.3% in 2022. In South Africa, growth would be 0.1% compared to 2.0% in 2022. In the CEMAC zone, growth is estimated at 2.7% after 2.9% the previous year.

In terms of prices, global inflation is expected to slow down to 7% against 8.7% in 2022, driven by falling commodity prices. However, core inflation (excluding food and energy) is slowing down more slowly.

With regard to commodity prices, there has been a fall in the prices of energy products. The average price of crude oil fell from $85.26 per barrel in the fourth quarter of 2022 to $79.04 per barrel in the first quarter of 2023, a drop of 7.3%.

Situation of the national economy

Framework elements

Overall business sales in the first quarter of 2023 has progressed by 3.2% compared to the fourth quarter of 2022. Over 2023 as a whole, GDP growth is estimated at 3.8%, after 4.0% in 2022. As for prices, inflation is estimated at 5.9% against 6.3% in 2022.

External sector

In the first quarter of 2023 and year-on-year, the current account deficit in the balance of payments widened by 122 billion to 354.6 billion, mainly due to the deterioration in the goods deficit. Deficits on services and primary income narrowed, while the surplus on secondary income widened.

External financing recorded net inflows of 193.7 billion, compared with 91.1 billion in first quarter of 2022.

The overall balance of all foreign transactions in the first quarter of 2023 showed a deficit of 150.6 billion, compared with a deficit of 126.9 billion.

With regard to foreign trade, the trade balance deficit worsened by 249.2 billion to 460.4 billion. This was the result of a 22.2% rise in imports, coupled with a 3.4% fall in exports.

Public finances

In the first quarter of 2023, domestic revenue collected amounted to 1,205.7 billion, up by 197.9 billion (+19.6%) compared with the first quarter of 2022.

Oil revenues increased by 83 billion to 244.6 billion. Non-oil revenues, valued at 961.1 billion, are up by 114.9 billion.

Loans and grants disbursed amounted to 184 billion, down 251.5 billion (-57.7%) year-on-year. They include 87.2 billion in project loans, 68.7 billion in budget support and 63.5 billion in DTS drawings.

Total budget expenditure and net loans based on commitments amounted to 1,331.2 billion at the end of March 2023, compared with 1,180.5 billion at the end of March 2022, an increase of 150.7

billion (+12.8%).

Current expenditure rose by 18 billion to 500.1 billion, including 265.6 billion in personnel costs. Investment expenditure amounted to 156.8 billion, down 3.3 billion (-2.1%) compared with the end of March 2022.

Actual public debt servicing amounted to 584.3 billion, up by 107 billion (+22.4%). It is made up of 242.9 billion in external debt and 341.3 billion in domestic debt.

Monetary situation

At the end of March 2023, and compared with the end of December 2022, the monetary situation was marked by a decrease in net foreign assets (-6.8%) and domestic credit (-0.6%), the two aggregates standing at 2,977.8 billion and 6,583.8 billion respectively.

Reflecting the evolution of its counterparts, money supply (M2) decreased by 0.1% to 7,998.7 billion. This is made up of 20.0% banknotes and coins, 47.6% scriptural money and 32.4% quasi-money.

Year-on-year, the monetary situation rose by 11.3%, following a 23.0% increase in net foreign assets and a 6.7% rise in domestic credit.

Socio-economic information

In the first quarter of 2023, the household final consumer price index rose by 2.0% in Yaoundé and 2.4% in Douala. The rise in prices in both cities was due to higher food prices (+3.5%), particularly for vegetables, meat, fruit and cereals.

Year-on-year, the increase in final household consumption prices was 8.4% in Yaoundé and 8.2% in Douala, driven by higher food products and transport prices.

International economic environment

In the first quarter of 2023, the global economy is regaining strength and moving onto a better trend. The supply of cereals is strengthening, energy products prices are falling and supply chains are improving. However, trends are contrasting trends between groups of countries.

In the **group of advanced countries**, according to the OECD, economic growth stood at 0.3%, after 0.4% in the previous quarter. **In the United States**, economic activity slowed to 0.3%, after 0.6% in the previous quarter. This slowdown was due to a decline in investment (-0.1%), despite a good performance by private consumption, which rose by 0.9% after 0.3% in the previous quarter.

In the Eurozone, economic activity grew by 0.1% after 0.0% in the fourth quarter 2022. In France, where growth was 0.2% after 0.0% in the previous quarter, net exports were the main growth driver: exports rose by 1.1% while imports fell by 0.6%. In Italy, economic activity grew by 0.6% compared with -0.1% in the previous quarter. This growth was underpinned by contributions from both domestic demand and net exports. In Germany, investment and exports rose, while private consumption and public spending declined. As a result, growth stood at -0.3% after -0.5% in the fourth quarter of 2022.

In the United Kingdom, GDP growth remained at 0.1%. It was weighed down by a fall in public spending and an increase in the trade deficit. However, it benefited from increased investments.

In Japan, growth was 0.7%, after 0.0% in the fourth quarter of 2022. This trend was underpinned by a 0.7% increase in domestic demand, but mitigated by a fall in net exports.

In emerging and developing countries, trends are also mixed. In China, growth accelerated to 2.2% from 0.6% in the fourth quarter of 2022, mainly due to the reopening of the country, as part of the easing of barrier measures against covid-19. In India, growth accelerated from 1.0% to 2.9%. In Mexico, it reached 1.0% after 0.6% in the previous quarter. In Indonesia, GDP growth slows to 0.7% after 2.2% in the fourth quarter of 2022. In South Africa, the economy returned to positive growth, with a rate of 0.4% against -1.1%.

Over the year 2023, the world economy is expected to grow by 2.8%, according to the IMF (World Economic Outlook, April 2023). It is marked by: (i) the stabilization of commodity prices; (ii) the recovery of countries in the face of new infectious strains of Covid-19, allowing for the mitigation of supply chain disruption; and (iii) the heightened uncertainty affecting the financial sector.

In advanced economies, growth is set to fall from 2.7% in 2022 to 1.3% in 2023. In the United States, growth is expected to fall to 1.6% after 2.1% in 2022. In the Eurozone, growth would reach 0.8% after 3.5% in 2022. In the UK, growth would be negative, at around -0.3% against 4.0% in 2022. In Japan, on the other hand, growth is expected to accelerate to 1.3% after 1.1% in 2022.

In the group of emerging and developing countries, growth is set to slow slightly from 4.0% in 2022 to 3.9% in 2023. In the Group's main economies, growth is expected to be : (i) 5.2% after 3.0% in 2022 in **China**; (ii) 5.9% after 6.8% in 2022 in India; (iii) 0.7% after -2.1% in Russia; (iv) 0.9% after 2.9% in Brazil.

The slowdown in growth would also be perceptible in **sub-Saharan Africa**, with a rate of 3.6% after 3.9% in 2022. In Nigeria, growth would be 3.2% after 3.3% in 2022. In South Africa, growth would be 0.1% after 2.0% in 2022. In the CEMAC zone, growth is estimated at 2.7% after 2.9% the previous year.

As regards the prices, global inflation is expected to slow to 7% from 8.7% in 2022, driven by falling commodity prices. However, core inflation (excluding food and energy) is slowing more slowly.

Export commodity prices

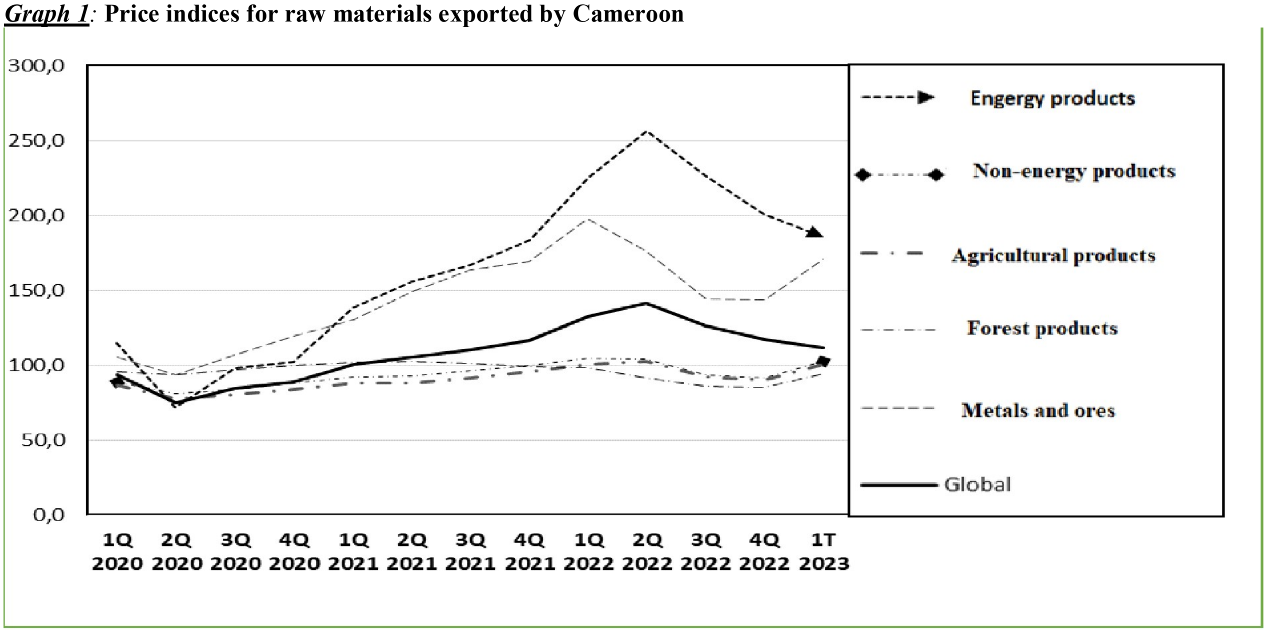
After reaching historically high levels in the first half of 2022, world commodity prices fell sharply in the second half, against a backdrop of worsening growth prospects. Overall, they remained on a downward trend in early 2023, but macroeconomic and geopolitical uncertainties are keeping them well above their levels before the crisis.

In line with this situation, in the first quarter of 2023, and compared with the fourth quarter of 2022, Cameroon's export commodity price index (ICMPE) fell by 4.5%. Year-on-year, it fell by 15.7%.

This trend was driven by the fall in energy product prices (-7.6%). Indeed, Brent crude oil prices fell by 7.3%, marking a third consecutive quarterly decline for the first time since 2014-2015. Liquefied natural gas prices also fell, by 10.3%, after -4.6% in the fourth quarter of last year. Conversely, with the exception of cotton, whose prices fell by 2.2%, the prices of non-energy products rose overall by 9.1%.

Looking ahead, the trajectory of the ICMPE depends heavily on the dynamism of the global and Chinese economies, the trajectory of inflation through the evolution of interest rates, and the evolution of the Russian-Ukrainian conflict. However, according to the World Bank, energy prices will fall by 11% in 2023 compared with 2022, and those of agricultural products by almost 5%. On the other hand, metal prices are expected to rise by 15% in 2023.

Graph 1: **Price indices for raw materials exported by Cameroon**



Source: MINFI / DF

Trends in prices of main export products

Energy products

In the first quarter of 2023, prices of energy products fell by 7.6%, after 11.4% in the previous quarter. Average crude oil prices fell from $85.26 per barrel in the fourth quarter of 2022 to $79.04 per barrel in the first quarter of 2023, down by 7.3%, against a backdrop of oversupply due to the resilience of Russian exports and the reduction in OPEC production targets decided in October 2022. In addition, the tightening of monetary policies has weighed on demand and exerted downward pressure on prices since the end of 2022. Year-on-year, crude oil prices fell by 18.2%.

Liquefied natural gas prices averaged $18.21 per million BTU, down by 10.3% from $20.30, against a backdrop of a mild winter in Europe and global inventories that have caught up with their early 2020 levels. Year-on-year, prices rose by 22.1%.

Agricultural products

Prices for agricultural products exported by Cameroon rose overall by 11.7% in the first quarter of 2023, following the 2.7% fall recorded in the previous quarter. However, it should be noted that raw cotton prices were down by 2.2% on the previous quarter, at $2.17 per kg in the first quarter of 2023. This situation reflects sluggish world demand and rising world stocks.

Cocoa prices rose by 10.9% to $2.67 per kg, reflecting the high availability of beans and the default observed on some Ivorian cocoa. Year-on-year, cocoa prices rose by 7.2%.

Coffee prices rose by 1.3%, driven by the Robusta variety, whose prices rose to $2.25/kg in the first quarter of 2023, after $2.12/kg in the previous quarter, in line with low stock levels, particularly in Vietnam, the market leader. Arabica prices stabilized at around $4.84. Year-on-year, coffee prices fell by 14.8%, that is, 18.7% for Arabica and 5.2% for Robusta.

Sugar prices stood at $0.44 per kg, up by 8.4% after $0.41 in the previous quarter. This increase was mainly due to lower production in India following unfavourable weather conditions, and a shift in the use of part of the sugarcane to ethanol production. Year-on-year, prices rose by 9.1%.

Palm oil prices rose by 3.2% to $954.67 per tonne. This was due to: (i) higher prices for other vegetable oils; (ii) falling supplies from Indonesia, the main producer; and (iii) weaker production prospects in Malaysia. Year-on-year, palm oil prices fell by 38.3%.

Rubber prices settled at $1.61 per kg, after $1.49. Prospects of economic recovery in the main buyer, China, kept demand high against a backdrop of low inventories. Year-on-year, rubber prices fell by 22.1%.

Banana prices stabilized at around $1.65 per kg. Year-on-year, they rose by 30.4%.

Forest products

In the first quarter of 2023, prices of forest products rose by 4.1% overall compared with the previous quarter. This trend is linked to the fall in supply caused by: (i) longer lead times to supply ports, due to weather conditions complicating logging and transport operations; (ii) a significant rise in freight costs; and (iii) longer lead times for the production of export and import permits required to get timber out of ports.

Specifically, the prices of sawn timber rose by 3.5% to $662.07 per m3. Prices for raw lumber (logs) and plywood rose by 6.8% to $224.95 per m3 and $412.61 per sheet respectively. Year-on-year, prices fell by 9.5% for sawn lumber and 12.2% for rough lumber and plywood.

Metals and Minerals

Prices of exported metals and minerals rose overall by 3.5% in the first quarter of 2023 due to: (i) the reopening of China; (ii) power shortages in China and Europe; and (iii) new environmental restrictions.

The prices of crude aluminium rose by 2.9%, and lead and iron prices by 1.5% and 27% respectively. Year-on-year, the prices of crude aluminium fell by 26%, and lead and iron prices by 8.1% and 11.5% respectively.

Table 1: Trends in export commodity prices

Periods	1st qrt. 2022	4th qrt 2022	1st qrt. 2023	Variations (in %)	
Headings	a	b	C	c/a	c/b
Energy products					
Crude oil ($/barrel)	96,62	85,26	79,04	-18,2	-7,3
Liquefied natural gas ($/million BTU)	14,91	20,30	18,21	22,1	-10,3
Non-energy products					
Agricultural products					
Cocoa ($/kg)	2,49	2,41	2,67	7,2	10,9
Raw cotton ($/kg)	3,02	2,22	2,17	-28,3	-2,2
Raw rubber ($/kg)	2,07	1,49	1,61	-22,1	8,1
Bananas ($/kg)	1,26	1,63	1,65	30,4	0,8
Coffee ($/kg)	4,16	3,50	3,55	-14,8	1,3
Of which Arabica coffee ($/kg)	5,95	4,88	4,84	-18,7	-0,8
Robusta coffee ($/kg)	2,38	2,12	2,25	-5,2	6,3
Palm oil ($/metric ton)	1 548,04	925,04	954,67	-38,3	3,2
Sugar ($/kg)	0,40	0,41	0,44	9,1	8,4
Forest products					
Sawn timber ($/m3)	731,64	639,41	662,07	-9,5	3,5
Rough lumber (logs)	256,16	210,70	224,95	-12,2	6,8
Plywood ($/sheet)	469,85	386,47	412,61	-12,2	6,8
Metals and ores					
Raw aluminium ($/metric ton)	3 250,05	2 335,98	2 404,81	-26,0	2,9
Iron ($/metric ton)	142,48	99,25	126,07	-11,5	27,0
Unwrought lead ($/metric ton)	2324,52	2105,44	2136,50	-8,1	1,5

Source: MINFI/ DF

Price competitiveness

Nominal effective exchange rate

In the first quarter of 2023, compared with the previous quarter, the CFA franc appreciated overall by 2% against the currencies of its main trading partners[1]. Specifically, it appreciated against the Chinese yuan (2.7%), the Indian rupee (5%), the US dollar (6.8%), and the new Turkish lira (6.2%). However, it is depreciating against the Japanese yen. Year-on-year, it appreciated overall by 2.4%.

This currency appreciation is explained by the weakness of the US dollar over the period under review. This situation reflects the narrowing of the short-term interest rate differential between the euro zone and the United States, as a result of the path taken by US monetary policy.

[1] Nominal effective exchange rate index, MINFI/DF

Table 2: Nominal exchange rate trends against major currencies

Currency	Weight of trade in 2022* (%)	Exchange rates 1st quarter 2022	Exchange rates 4th quarter 2022	Exchange rates 1st quarter 2023	Variation (in %)	
		a	b	c	c/b	c/a
Euro	32,9	655,9	655,9	655,9	0,0	0,0
Chinese yuan	22,4	92,1	91,8	89,3	-2,7	-3,0
Indian rupee	10,2	7,8	7,8	7,4	-5,0	-4,4
US Dollar	3,5	584,7	656,1	611,2	-6,8	4,5
New Turkish Lira	3,0	41,9	34,5	32,4	-6,2	-22,7
Japanese yen	1,6	5,0	4,5	4,6	2,1	-8,1
CFA franc	*4,0*	*1,0*	*1,0*	*1,0*	0,0	0,0
Nominal effective exchange rate index	/	**120,3**	**119,8**	**117,4**	**-2,0**	**-2,4**

Sources: BCE, MINFI/DF

Relative effective inflation rate in

In the first quarter of 2023 and compared with the fourth quarter of 2022, prices in the main trading partners were 6.7%[2] higher than in Cameroon**.**

Table 3: Trends in inflation rates of main partners

Currency	Inflation rate 1st quarter 2022	Inflation rate 4th quarter 2022	Inflation rate 1st quarter 2023	Variations (in %)	
	a	B	C	c/b	c/a
Euro	7,5	7,6	7,4	-2,6	-1,3
Chinese yuan	1,1	1,3	1,3	-2,8	15,2
Indian rupee	5,5	5,7	6,0	6,5	9,7
US Dollar	8,0	7,1	5,8	-18,2	-27,4
New Turkish Lira	72,3	78,0	54,5	-30,1	-24,6
Japanese yen	2,5	3,9	3,6	-5,8	45,7
CFA franc	4,8	5,2	4,1	-21,2	-14,6
Cameroon	*4,7*	*7,7*	*5,8*	-24,7	23,4
Effective relative price index	94,1	86,4	92,1	6,7	-2,1

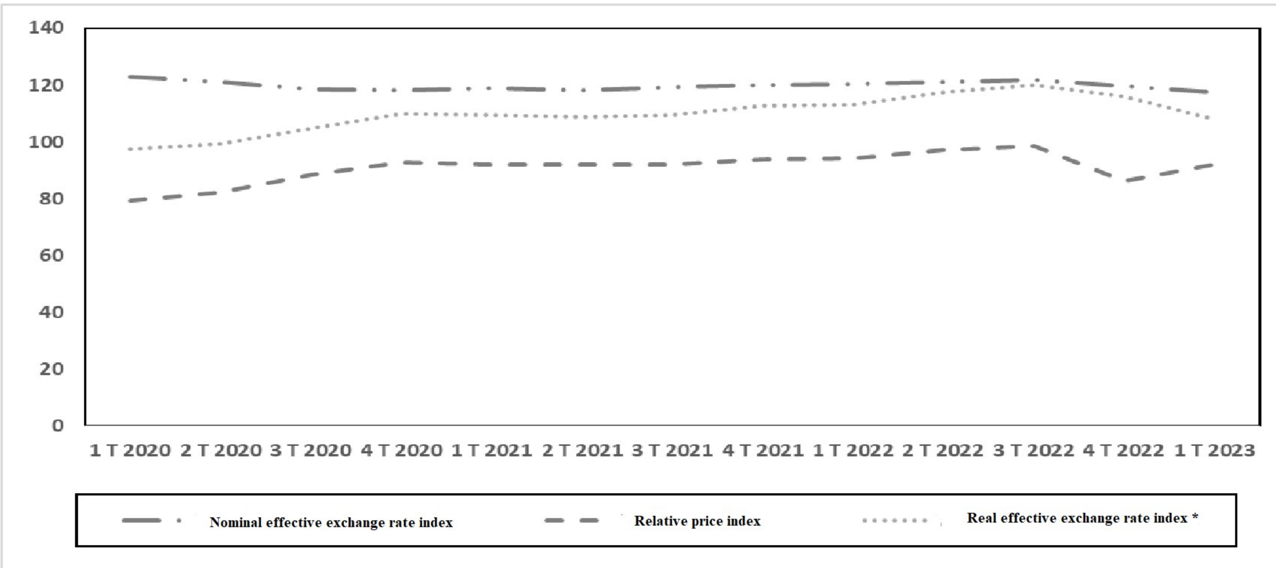
Source: BCE, NIS, MINFI/DF

[2] Effective relative price index, MINFI, DF

Real effective exchange rate

The loss of competitive positions observed in the fourth quarter of 2022 continued in the first quarter of 2023. Indeed, as a quarterly average, Cameroon's real effective exchange rate (REER), measuring price competitiveness, appreciated by 6.97% in the first quarter of 2023, after 3.33% in the previous quarter. This situation reflects a loss of competitiveness due to the appreciation of the CFA franc against the currencies of Cameroon's main trading partners, the inflation differential being favourable to Cameroon during the period under review.

Graph 2: Change in REER



Source: MINFI, DF

Prospects are that the loss of competitiveness observed in the first quarter of 2023 will continue into the second quarter. Indeed, the inflation differential favourable to Cameroon with respect to its economic partners could become unfavourable, due to higher prices for petroleum products at the pump, while inflation among its main partners and suppliers is expected to fall.

For its part, the nominal effective exchange rate should show an upward trend, as the CFA franc should appreciate over the period against the currencies of its main partners and suppliers.

Table 4: REER series

Period	Nominal effective exchange rate index	Relative price index	Real effective exchange rate index *	Variations REER
1 T 2019	123.0	83.8	103.1	
2 T 2019	123.1	85.4	105.1	1,94
3 T 2019	122.9	82.4	101.2	-3,71
4 T 2019	122.7	81.8	100.4	-0,79
1 T 2020	122.9	79.2	97.3	-3,09
2 T 2020	121.1	82.0	99.3	2,06
3 T 2020	118.4	88.6	104.8	5,54
4 T 2020	118.3	92.7	109.8	4,77
1 T 2021	118.8	92.1	109.4	-0,36
2 T 2021	118.0	92.1	108.7	-0,64
3 T 2021	119.2	91.9	109.5	0,74
4 T 2021	120.0	93.9	112.6	2,83
1 T 2022	120.3	94.1	113.2	0,53

2 T 2022	120.9	97.3	117.6	3,89
3 T 2022	121.9	98.6	120.2	2,21
4 T 2022	119.8	86.2	116.2	-3,33
1 T 2023	117.4	92.1	108.1	-6,97

Source: MINFI/DF * Uncertain quotation

National economic situation

The business survey carried out by the Ministry of Finance for the first quarter of 2023 shows that overall business sales were up 3.2% on the previous quarter. This trend was underpinned by increases in turnover in the primary and secondary sectors, of 2.4% and 5.5% respectively. In contrast, sales in the tertiary sector fell by 1.5% over the period. Overall and compared with the fourth quarter of 2022, the wage bill fell by 1.3% and the workforce by 5%.

However, the challenges of security, infrastructure, regulations and climate remain the main preoccupations of business leaders. The Cameroonian economy is also marked by persistent disruptions to supply chains, particularly at international level, and by galloping inflation since 2022, the effects of which will still be felt in 2023. GDP growth is estimated at 4.0% in 2022 and projected at 3.8% in 2023.

Primary sector

The primary sector recorded a 2.4% increase in turnover in the first quarter of 2023 compared with the previous quarter. This is due in particular to improved production by agro-industries, linked to the vegetative cycle of certain crops, for which the first quarter is the peak production period.

In **industrial and export agriculture**, crude palm oil production more than tripled (+253.7%) in the first quarter of 2023 compared with the previous quarter, in line with the oil palm vegetative cycle. Year-on-year, palm oil production fell by 3.3%. This decline is attributable, among other things, to unfavourable weather conditions and the negative effects of confinements which, two years ago, prevented plantations from being properly treated and fertilized.

Banana production fell by 7.5% in the first quarter of 2023 compared with the previous quarter, to 57,528 tonnes. Year-on-year, production was down 3.6%. These declines can be explained by the generally unfavourable weather conditions in the first quarter and by the drop in international demand. However, these declines were mitigated by the ramping up of production from CDC plantations, whose restored acreage is increasing year-on-year.

Cotton fibre production almost tripled (178.5%) in the first quarter of 2023 compared with the previous quarter, to 73,429 tonnes. Indeed, the first quarter corresponds to the peak production period, boosted by the rehabilitation of mills and the purchase of rolling stock. Year-on-year, production rose by 4.9%. As for exports, they rose by 38.8% between the fourth quarter of 2022 and the first quarter of 2023.

Rubber production fell by 29.1% in the first quarter of 2023 compared with the fourth quarter of 2022. This decline is linked to lower demand in this sector, particularly from major customers in Europe and America. Unfavourable weather conditions also had an impact on the sector's production. Year-on-year, rubber production rose by 2%. However, exports fell by 26.5%.

Tea production fell by 20.6% in the first quarter of 2023 compared with the previous quarter. Year-on-year, it fell by 34.8%. These declines can be explained by unfavourable climatic conditions due to the lengthening of the dry season.

Cocoa exports fell by 32.9% in the first quarter of 2023 compared with the previous quarter. Year-on-year, they fell by 31.6%.

Table 5: Growth rate in the primary sector products

Products	1T2023/4T2022	1T2023/1T2022

Rubber	-31.0	-4.1
Banana	-7.5	-6.9
Cotton fibre	+178.5	+4.9
Raw palm oil	+253.7	-3.3
Tea	-20.5	-34.8

Source: Economic outlook survey DF/MINFI

Secondary sector

In the first quarter of 2023, the secondary sector will be marked by a slowdown in demand, after the dynamism observed in the fourth quarter of 2022 as a result of the end-of-year festivities. It is also suffering from persistent inflation and disruptions to supply chains, particularly at international level.

Turnover in the secondary sector rose by 5.5% in the first quarter of 2023 compared with the previous quarter.

In the first quarter of 2023, and compared with the previous quarter, production activity was dynamic in the agri-food industries. By the end of 2023, growth in value added in the agri-food industries is projected at 3.4%. The following trends can be observed by branch of activity:

In the "**meat, fish and fishery products production, processing and preservation industries"**, meat production was down 14.3% compared with the previous quarter, reflecting the drop in demand following the end-of-year festivities. Year-on-year, meat production fell by 7%, impacted in particular by the deterioration of pastureland. Projections for the end of the year point to stable meat production.

To revitalize the activities of branch, in particular the production of animals and meat, a partnership agreement was signed on February 8, 2023 in Yaoundé between the Cameroon Chamber of Agriculture, Fisheries, Livestock and Forestry (CAPEF) and the Animal Production Development and Exploitation Company (SODEPA). The aim of the agreement is to disseminate innovative breeding techniques in animal production, through the exchange of technologies and the dissemination of pastoral techniques, and to support the training of young people and various rural economic players in innovative breeding techniques in animal production, as well as in the marketing of products.

In the "**Grain milling and manufacture of starch products**" branch, activity rose by 2.7% compared with the previous quarter, in line with increased demand for flour, production of which rose by 24.1%. Year-on-year, production in the branch grew by 6.5%. By the end of 2023, industry operators forecast a 12.3% rise in production. This outlook would be underpinned by improvement in industrial production capacity on one hand and' anticipated availability of wheat on the international market, which would lead to a fall in wheat prices on the other hand.

With regard to the **"cocoa, coffee, tea and sugar industries"**, production increased by 41.3% compared to the previous quarter, in line with the increase in sugar production. Sugar production increased by 45.1%, propelled by improved production capacity and a better harvest of sugar cane. Sugar imports fell by 9.8%. Year-on-year, sugar production grew by 10.5%. However, end of year projections point to a 2.6% decline in sugar production, due to SOSUCAM's financial difficulties. In order to revive SOSUCAM, an investment plan of 100 billion over 5 years has been envisaged for a production target of 130,000 tons in 2027.

Mass cocoa production increased by 8.5% in the first quarter of 2023 compared to the fourth quarter of 2022, following increase in orders. While that of **cocoa butter** fell by 4.8%. Year-on-year, the production of cocoa mass grew by 5.2%, while that of cocoa butter fell by 4%. End of year projections show a decline of 1% and 1.8% respectively for cocoa mass and cocoa butter. **Tea** production fell by 20.6%. Year-on-year, tea production fell by 34.8% due to harsh weather conditions.

In the **"oilseed and animal feed industries"**, production increased by 6.7% compared to the previous quarter in connection with increase in the production of oilcake and palm kernels on the one hand, and the resumption of production activities by some operators on the other hand. Refined oil production dropped by 21.6%. Crude palm oil importation rose to 32, 446 tonnes.

Year-on-year, the sector's production fell by 12%, in line with the 15.4% drop in the production of refined oils. At the end of 2023, the sector's production is projected to increase (+4.7%). That of refined oils is expected to grow by 4.5%, supported by greater availability of palm oil and improved production capacity.

Concerning the **'manufacturing products from cereals'** branch, biscuits and spaghetti production dropped by 3.5% as compared with the previous quarter. Annually, it shrunk by 4.2%. At the end of the year, production is expected to increase by 11.5% as compared to 2022, in line with improved production capacity and increase demand, especially that of biscuits.

Production in the **'beverages industries'** registered a drop of 2.1% during the first quarter of 2023, compared with the previous quarter, in relation with the drop in demand following the euphoria observed during end of year festivities. Annually, production soared by 6.7%. By the end of 2023, production is expected to be stable.

Table 7: Growth in production per industry in the agri-food industry (%)

Items	1Q23/4Q22	1Q23/1Q22	2023 forecast
Production, processing and preservation of meat, fish and fishery products	-14.3	-7	0.3
Grains and manufacture of starchy products	2.7	6.5	12.3
Cocoa, coffee, sugar and tea industries	41.3	9.6	-23.4
Manufacture of cereal-based products	-3.5	-4.2	11.5
Oilseed and animal feed industries	6.7	-12	4.7
Beverages industry	-2.1	6.7	0.1

Source: Economic outlook survey DF/MINFI

In the first quarter of 2023, **the evolution of** production in **'other manufacturing industries' branch** remained mixed compared to the previous term. The "Wood industries except furniture manufacturing" (+16.2%), "Textile and clothing industries" (+595.0%) and "Other non-metallic mineral product and building materials manufacturing" (+10.5%) recorded an increase. Conversely, the "Chemical industries and manufacture of chemical products" (-30.1%), "Rubber production and manufacture of rubber products and plastics" (-28.4%) and "Manufacture of paper and paper products, printing and activities incidental to printing" (-27.9%) and "Manufacture of basic metal products" (-8.4%) recorded a decrease. Year-on-year, activity in "other manufacturing industries" remained dynamic, driven by higher production in "Wood industries except furniture manufacturing" (+30.6%), "Textile industries" (+18.8%), "Manufacture of basic metal products" (+18%), "Manufacture of other non-metallic mineral products and building materials" (+4.3).

Over the year 2023, growth in the **"other manufacturing industries"** branch is projected at 3.6% compared to 2022. Such growth is said to have been supported by increased production in all sectors of activity.

Table 8: Production growth rate per branch in other manufacturing industries (%)

Items	**1Q23/4Q22**	**1Q23/1Q22**	**2023 forecast**
Textile and clothing industries	595.0	18.8	33.0
Wood industries excluding furniture manufacturing	16.2	30.6	24.8
Manufacture of paper and paper products, printing and activities incidental to printing"	-27.9	-40.7	0.2
Chemical industries and manufacture of chemical products	-30.1	-17.7	35.5
Rubber production and manufacture of rubber products and plastics	-28.4	-5	33.6
Manufacture of other non- metal mineral products	10.5	4.3	0.3
Manufacture of basic metal products	-8.4	18	35.2

Source: Economic outlook survey DF/MINFI

In the "Textile and clothing industries", production increased 7-fold in the first quarter of 2023, compared to the previous quarter, in connection with the International Women's Day festivities**.** Production grew by 18.8% year-on-year due to higher orders as part of activities marking the International Women's Day and Labour Day celebrations. In addition, the year 2023 witnessed an increase in the price of the International Women's Day loincloth, from 6,800 to 10,000 FCFA. At the end of the year, production is expected to rise by 33%.

Activity in **"Wood industries except furniture manufacturing"** recorded an increase of 16.2%

in the first quarter of 2023, in line with increase in orders. Year-on-year, production grew by 30.6%. Over the year as a whole, wood production is expected to increase by 24.8% compared to 2022.

In the **"Manufacture of paper and paper products; printing and activities incidental to printing"** branch, production fell by 27.9% in the first quarter of 2023, compared to the previous quarter. Annually, production shrunk by 40.7%. This downturn is explained on the one hand by the financial difficulties encountered by some companies in the sector, in particular obtaining loans, and on the other hand, by disruptions in the supply chains of raw materials, including pulp.

As for the **"Chemical industries and chemical manufacturing"** branch, soap production fell by 44.3% in the first quarter of 2023, in line with the difficulties encountered in the supply of raw materials and the decline in demand following end-of-year festivities. Year- on -year, soap production shrunk by 3.8%. At the end of the year, soap production is expected to increase by 28.4%, supported by increased demand, particularly from neighbouring countries, and especially the availability of palm oil. Furthermore, the setting-up of new factories would also contribute to increase in production.

In the **"Rubber production and rubber products manufacturing"** branch, production fell by 28.4% in the first quarter of 2023 compared to the previous quarter, in line with the decline in natural rubber production (-31%). Year-on-year, production in this branch shrunk by 5%. Projections for 2023 show a 33.6% increase in production due to the resumption of rubber orders from the main partners and the commissioning of new plastic bottle production units. In the 'manufacturing other non-metallic mineral products' branch, during the first quarter of 2023, cement production rose by 12.2% as compared to the previous quarter, in line with increase in orders and the availability of clinker. Year-on-year, production soared by 4.3%. At the end of the year, production rose by 2.2%, Clinker importation thus soared by 56.4%.

Production in the **"manufacture of basic metallurgical products and metal products (except machines and equipment)"** branch recorded a decline in production of 8.4%, compared to the fourth quarter of 2022, in line with the 14.8% decline in aluminium production. However, the production of aluminium strip and metal sheets increased by 6.3% and 42.1% respectively. **Year- on -year**, production soared by 18%. At the end of the year, production in the sector is expected to grow by 35.2%, supported in particular by the increase in aluminium production (+42.7%).

Regarding **"Electricity production and distribution",** electricity production is composed of production from dams and power plants managed by Eneo, and production purchased by Eneo from independent operators. Production generated by Eneo represents about 70% of global production, while that purchased from independent operators represents 30%.

In the first quarter of 2023, electricity production and distribution activity remained virtually stable compared to the fourth quarter. Year-on-year, electricity production rose by 1.9%.At the end of the year, electricity production is expected to grow by 6.2% supported by the commissioning of the Lom-Pangar dam foot plant and the exploitation of new energy sources. The growth of the branch is projected at 2.0% in 2023.

In the **"production and distribution of water and sanitation" branch,** waste collection activity was marked in the first quarter of 2023 by an increase of 9.6% compared to the previous quarter. This growth is justified by the availability of trucks. The growth of the branch is projected at 4.0% in 2023.

Tertiary sector

In the first quarter of 2023, the turnover of the tertiary sector dropped by 1.5%, as compared with the previous quarter. This decline is mainly attributable to the decline in the turnover in its branches, despite the good performance of activities in the "Information and telecommunications" branch. Year-on-year, the sector's turnover increased by 25.4%. The sector's growth is projected at 4.9% in 2023.

The turnover of the **'Information and telecommunications'** branch rose by 1.7% in the first quarter of 2023, compared with the previous quarter. The number of subscribers remains almost stable (+0.6%) at 22 959 375. This evolution is due, among other things, to the extension of the network, the extensive use of Internet and Mobile Money services as well as the multiplication of promotional offers on the various networks in order to stimulate consumption. Compared to the first quarter of 2022, turnover and subscriber numbers increased by 8.4% and 8.5% respectively.

Turnover in the **"Hotels and restaurants"** sector decreased by 1.7% compared to the previous quarter, due to decline in activities following the festive season. The number of overnight stays as well as the room occupancy rate fell by 4.1% and 2.9% respectively. However, the catering sector has improved, due to the organization of banquets, the enhancement of the panoramic bar in hotels and the organization of weddings. Year-on-year, turnover was down by 17.8% due to the effect of the AFCON.

In the first quarter of 2023, the turnover in the **'Trade and repairs'** branch dropped by 2.3%, compared with the fourth quarter of 2022. Year-on-year, production soared by 36.3%.

In the **'transport and warehousing'** branch, turnover dropped by 1.3% compared with the fourth quarter of 2022. Compared to this same period in 2022, turnover remained almost stable (+0.2%). By type of transport, trends are as follows:

In **maritime transport**, turnover and overall traffic increased by 32.6% and 5.6% respectively compared to the previous quarter. The good performance of overall traffic is explained by the 8% increase in the tonnage of goods imported, despite the 3.2% decrease in the tonnage of exported goods. The number of vessels anchoring at the Douala port stands at 256.

In **the rail transport**, turnover increased by 2.4% in the first quarter of 2023 compared to the previous quarter. The improvement in the sector's turnover is linked to the 2.8% increase in the tonnage of goods transported, mitigated by the 9.8% decline in passenger traffic. As for **air transport**, Camair-co's turnover fell by 21.5%.

Balance of payment *current account deficit widens year-on-year*

Current account transactions

In the first quarter of 2023 and compared to the previous quarter, current account deficit widened by164.5 billion and stands at 354.6 billion. This situation is attributable to the deterioration in the goods and services deficit. The primary income deficit narrowed, and the secondary income surplus widened.

The goods deficit deteriorated by $205 billion and stood at $241.7 billion. This deterioration results from a fall in fob export earnings (-308.5 billion), greater than that of fob import expenditure (-103.5 billion).

Exports fell particularly for crude petroleum oils (-139.5 billion), liquefied natural gas (-68.2 billion), raw cocoa beans (-45.6 billion) and "wood and wood articles" (-9.6 billion). Decrease in imports was driven by those of fuel and lubricants (-39.8%), cereals (-27.6%) and liquefied butanes (-90.2%).

The services deficit deteriorated from 6 billion to 110 billion, mainly due to the decline in the travel item, whose surplus is decreasing. The primary income deficit narrowed from $9.6 billion to $109.2 billion, thus reflecting lower profits paid to foreign affiliates of local firms. In contrast, the secondary revenue surplus improved from $36.8 billion to $106.3 billion.

Table 9: Balance of payment (in billion)

Items	1Q2022*	4Q2022*	1Q2023**	Variations	
	(a)	(b)	(c)	(c)–(b)	(c)–(a)
I- Current Accounts	**-232.7**	**-190.2**	**-354.6**	**-164.5**	**-122.0**
1- Balance of Goods	46.5	-36.8	-241.7	-205.0	-288.2
2- Balance of Services	-194.5	-104.0	-110.0	-6.0	84.5
3- Primary Revenue Balance	-170.8	-118.8	-109.2	9.6	61.6
4- Secondary Revenue Balance	86.1	69.5	106.3	36.8	20.2
II- External Funding	**91.1**	**543.8**	**193.7**	**-350.1**	**102.6**
1- Non-banking private sector	**48.3**	**211.3**	**137.6**	**-73.7**	**89.3**
Direct Foreign Investment	108.6	121.6	63.1	-58.5	-45.5
Portfolio Investments and Financial Derivatives	26.5	-15.5	9.7	25.2	-16.9
Net drawings (excluding FDI and IPF)	-86.5	105.2	64.9	-40.3	151.4
2- Public administration	**-36.0**	**240.5**	**-36.5**	**-277.0**	**-0.5**
Project donations (including C2D)	18.2	22.5	0.0	-22.5	-18.2
Net drawings on bonds	0.0	0.0	0.0	0.0	0.0
Net drawings (excluding treasury bonds)	-54.2	218.0	-36.5	-254.5	17.7
3- Banks creators of wealth	**78.4**	**91.7**	**92.6**	**0.9**	**14.2**
III- ERRORS AND OMISSIONS	**14.7**	**36.9**	**10.3**	**-26.6**	**-4.4**
IV- OVERALL BALANCE	**-126.9**	**390.5**	**-150.6**	**-541.1**	**-23.7**

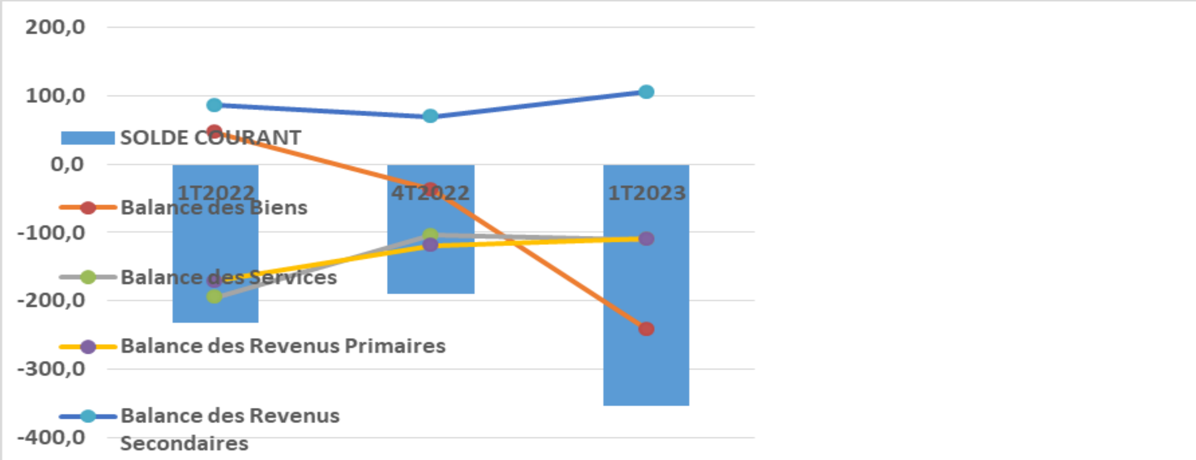
Source: MINFI/DF; *Updated data; **Temporary

Year-on-year, the current account deficit worsened by $122 billion, mainly due to the deterioration in the balance of goods. Deficits in services and primary incomes are narrowing, while the surplus in secondary incomes is improving.

Balance of goods deteriorated from a surplus of 46.5 billion to a deficit of 241.7 billion, following an increase in fob import expenditure (+210 billion) coupled with the fall in fob export earnings (-78.3 billion). The service deficit narrowed by $84.5 billion, mainly reflecting a greater increase in travel revenue than travel expenditures.

The primary income deficit narrowed by $61.6 billion, mainly due to lower profits paid to the foreign subsidiaries of local firms. The secondary income surplus improved by $20.2 billion.

Figure 3: Evolution of the current account balance and its components (in billions)



Source: MINFI

External Funding

In the first quarter of 2023, external financing was characterized by net inflows of 193.7 billion, following 543.5 billion in the previous quarter. This change is mainly due to lower net drawings by the government (-254.5 billion) as well as net inflows from private non-banking sector (-73.7 billion). The banking sector recorded net inflows of 92.6 billion after 91.7 billion.

Year-on-year, external financing increased by 102.6 billion. This evolution is mainly due to the increase in net drawings by the private non-banking sector (+151.4 billion). Government net drawings remained almost stable and banks' net foreign assets decreased by 14.2 billion.

The overall balance of foreign transactions in the first quarter of 2023 showed a deficit of 150.6 billion, compared with a surplus of 390.5 billion in the previous quarter. This drop is the result of a decline in external financing coupled with the widening current account deficit. Year-on-year, the overall balance deficit widened by 23.7 billion.

Table 10: Balance of payments 1Q2022, 4Q2022 and 1Q2023 (in billion)

Items	1Q2022*	4Q2022*	1Q2023**	Variations	
	(a)	(b)	(c)	(c)-(b)	(c)-(a)
I- CURRENT ACCOUNT(Public transfers included)	**-232.7**	**-190.2**	**-354.6**	**-164.5**	**-122.0**
CURRENT ACCOUNT(Public transfers excluded)	**-245.6**	**-210.4**	**-357.6**	**-147.2**	**-112.0**
1- Balance of goods	**46.5**	**-36.8**	**-241.7**	**-205.0**	**-288.2**
Exports of FOB goods	**953.2**	**1183.4**	**874.9**	**-308.5**	**-78.3**
amongst which FOB customs exports	790.6	984.2	763.8	-220.4	-26.8
Imports of FOB goods	**-906.7**	**-1220.2**	**-1116.6**	**103.5**	**-210.0**
amongst which CIF customs imports	-1001.8	-1336.4	-1224.2	112.2	-222.4
2- Balance of Services	**-194.5**	**-104.0**	**-110.0**	**-6.0**	**84.5**
Transports	**-92.6**	**-154.1**	**-128.2**	**25.9**	**-35.6**
Insurance	**-20.4**	**8.5**	**-14.2**	**-22.7**	**6.1**
Travel related services	**-44.6**	**69.3**	**29.2**	**-40.1**	**73.8**
Other services	**-36.8**	**-27.7**	**3.2**	**30.9**	**40.1**
amongst which Technical assistance and other services	-77.1	-35.2	-6.8	28.5	70.3
3- Primary Revenue Balance	**-170.8**	**-118.8**	**-109.2**	**9.6**	**61.6**
Incomes	**23.9**	**24.4**	**12.9**	**-11.5**	**-10.9**
Expenditures	**-194.7**	**-143.3**	**-122.2**	**21.1**	**72.5**
Payment of salaries	**-1.8**	**-1.3**	**-5.8**	**-4.5**	**-4.0**
Direct investments	**-151.4**	**-113.4**	**-65.0**	**48.4**	**86.4**
Portfolio investment	**-0.8**	**-0.4**	**-0.8**	**-0.4**	**0.0**
Other investments	**-40.7**	**-28.2**	**-50.6**	**-22.5**	**-9.9**
amongst which interest on the External Public Debt	-40.3	-27.8	-50.5	-22.7	-10.2
4- Secondary Revenue Balance	**86.1**	**69.5**	**106.3**	**36.8**	**20.2**
II- CAPITAL & OPERATIONS ACCOUNT END.	**91.1**	**543.8**	**193.7**	**-350.1**	**102.6**
1- Capital account	**29.0**	**22.5**	**2.7**	**-19.8**	**-26.3**
Public administrations	18.2	22.5	0.0	-22.5	-18.2
Amongst which: donations (HIPC, C2D, IADM)				0.0	0.0
Other sectors	10.8	0.0	2.7	2.7	-8.1
2- Financial operations account	**62.0**	**521.3**	**191.0**	**-330.3**	**129.0**
Direct investments	**108.6**	**121.6**	**63.1**	**-58.5**	**-45.5**
Withdrawals	-54.4	-33.9	0.0	33.9	54.3
Portfolio investment	**26.5**	**-15.5**	**9.7**	**25.2**	**-16.9**
Commitments (down -)	26.6	-13.3	-0.7	12.6	-27.3
Other investments	**-73.1**	**415.2**	**118.2**	**-297.0**	**191.3**
Public administrations	**-54.2**	**218.0**	**-36.5**	**-254.5**	**17.7**
amongst which, commitments	**-54.2**	**218.0**	**-36.5**	**-254.5**	**17.7**
-Drawings	112.1	318.8	155.9	-162.9	43.8
-Amortizations	-166.3	-100.8	-192.5	-91.7	-26.2
Banks and financial institutions	**78.4**	**91.7**	**92.6**	**0.9**	**14.2**
Assets (down +)	**23.9**	**-88.0**	**-245.9**	**-157.8**	**-269.7**
- Deposits	4.5	-22.0	-271.4	-249.4	-275.8
-Other assets	19.4	-66.1	25.5	91.6	6.1
Commitments (down -)	**54.6**	**179.8**	**338.5**	**158.7**	**283.9**
- Deposits	46.4	156.8	323.7	167.0	277.3
- Other commitments	8.2	23.0	14.7	-8.3	6.6
Private non-bank	**-97.3**	**105.5**	**62.2**	**-43.3**	**159.5**
Assets (down +)	-12.0	49.8	22.5	-27.3	34.4
III- ERRORS AND OMISSIONS	**14.7**	**36.9**	**10.3**	**-26.6**	**-4.4**
IV- OVERALL BALANCE	**-126.9**	**390.5**	**-150.6**	**-541.1**	**-23.7**
V- FINANCING	**126.9**	**-390.5**	**150.6**	**541.1**	**23.7**

Source: MINFI/DF; *Updated data; **Temporary

External Trade

Evolution of trade

In the first quarter of 2023, trade between Cameroon and the outside world amounted to 1,988.1 billion, down by 14.3% compared to the previous quarter. This situation is the result of the fall in both imports (-8.4%) and exports (-22.4%). Year-on-year, trade rose by 10.9%.

Excluding oil, the value of trade amounted to 1737.8 billion, down by 10% from the previous quarter and up by 10.7% year-on-year.

Trade balance: *Deterioration of the Fob/Caf trade balance*

In the first quarter of 2023 and compared to the previous quarter, trade balance deficit worsened from 100.8 billion to 460.4 billion. This is the result of a 220.4 billion decline in exports and 112.2 billion in imports. As a result of this situation, the coverage ratio fell from 11.2 percentage points to 62.4%.

Excluding oil, the deficit narrowed from 31.3 billion to settle at 710.7 billion within the said period. As a result, the non-oil coverage ratio fell by 2.6 percentage points.

Year-on-year, the trade deficit widened by 249.2 billion, in line with increase in imports (+222.4 billion). The coverage ratio fell by 16.5 points. Excluding oil, the trade deficit worsened by 276.8 billion, while the coverage ratio rose from 56.7% to 41.9%.

Table 11: Main statistics from foreign trade (in billion)

Periods	First quarter of 2022	Fourth quarter 2022	First quarter of 2023	Variations (in %)	
Items	**a**	**(b)**	**(c)**	**c/ b**	**c/ a**
Exports	**790.6**	**984.2**	**763.8**	**-22.4**	**-3.4**
Crude oil	222.7	389.8	250.3	-35.8	12.4
Excluding crude oil	567.9	594.4	513.5	-13.6	-9.6
Importations	**1,001.8**	**1,336.4**	**1,224.2**	**-8.4**	**22.2**
Crude oil	0.0	0.0	0.0	-96.5	32.3
Excluding crude oil	1,001.8	1,336.4	1,224.2	-8.4	22.2
Trade balance	**-211.2**	**-352.2**	**-460.4**	**30.7**	**118.0**
Excluding crude oil	-433.9	-742.0	-710.7	-4.2	63.8
Coverage ratio (in %)	**78.9**	**73.6**	**62.4**	**-15.3**	**-20.9**
Excluding crude oil	56.7	44.5	41.9	-5.7	-26.0
Global exchange	**1,792.4**	**2,320.7**	**1,988.1**	**-14.3**	**10.9**
Excluding crude oil	1,569.7	1,930.8	1,737.8	-10.0	10.7

Source: *MINFI/DGC-DF, *temporary data*

Imports

Lower import prices

The value of imports of goods in the first quarter of 2023 stood at 1,224.2 billion, down by112.2 billion from the previous quarter. This fall is consecutive to that of the prices of the main imported goods (-9.2%)[3]. The decrease in the value of imports is mainly observed on purchases of: fuels and lubricants (-142.9 billion), wheat (-28.8 billion), liquefied butanes (-23.8 billion), rice (-19.1 billion), crude or refined oils (-10.2 billion), and plastics (-9.5 billion). On the other hand, there was an increase in purchases of: fertilizers (+21.2 billion), frozen sea fish (+18.6 billion), insecticides, fungicides and herbicides (+15.8 billion), inorganic chemicals (+14.9 billion), printing and publishing products (+14.2 billion), machinery and mechanical appliances (+14.2 billion), clinkers (+10.8 billion) and cast iron, iron and steel (+9.7 billion).

Year-on-year, the value of imports increased by 222.4 billion. This increase is driven by the rise in quantities purchased (+14.7%)[4]. By product, the increase in imports was mainly observed on: fuels and lubricants (+60.9 billion), fertilizers (+25.9 billion), frozen sea fish (+23.2 billion), rice (+22.2 billion), machinery and mechanical appliances (+18.1 billion), crude or refined oils

[3] Import price index, MINFI, DF

[4] Real import index, MINFI, DF

(+16.9 billion), inorganic chemicals (+16.5 billion) and refined cane or beet sugars (+12.7 billion). It was moderated by lower purchases of cast iron, iron and steel (-56.8 billion).

The main products imported in the first quarter of 2023 were: fuels and lubricants (17.7% of all imports), machinery and mechanical appliances (8.1%), frozen sea fish (6.2%), rice (5.4%), electrical machinery and appliances (4.6%), wheat and meslin (4.2%), pharmaceutical products (3.5%), cast iron, iron and steel (3.3%) and plastics (3.2%)

Table 12: Evolution of main imported goods (Q in billion of tonnes and V in million of FCFA)

Periods	First quarter of 2022		Fourth quarter of 2022		First quarter of 2023		Variations V	
Items	Q	V	Q	V	Q	V	c-b	c- a
	A		(b)		(c)			
Main energetic products	**801.3**	**339.0**	**1,105.2**	**781.5**	**752.7**	**440.8**	**-340.7**	**101.7**
Fuels and lubricants	367.5	155.3	488.7	359.1	367.6	216.2	-142.9	60.9
Liquefied butane	15.1	8.0	50.3	26.4	5.9	2.6	-23.8	-5.4
Main non-energetic products	**1,937.8**	**831.8**	**1,929.4**	**944.5**	**2,103.9**	**1,002.8**	**58.3**	**171.1**
Frozen sea fish	71.0	52.8	59.9	57.4	81.4	76.0	18.6	23.2
Powder or condensed milk	5.4	8.5	3.6	7.5	3.8	8.1	0.7	-0.4
Wheat and clover	230.3	57.6	280.0	80.4	205.8	51.7	-28.8	-5.9
Rice	177.7	44.1	303.6	85.4	218.5	66.3	-19.1	22.2
Unroasted malt	35.8	13.6	25.2	11.0	35.6	18.3	7.3	4.7
Crude or refined oils	13.1	9.6	41.2	36.6	32.4	26.4	-10.2	16.9
Refined cane or beetroot sugar	12.0	4.0	46.3	20.2	38.0	16.7	-3.4	12.7
Drinks, alcoholic liquids	15.7	10.1	19.5	16.3	16.4	11.6	-4.7	1.5
Clinkers	571.5	17.8	423.9	13.8	663.1	24.6	10.8	6.8
Inorganic chemical products	43.1	12.1	31.6	13.6	79.6	28.6	14.9	16.5
Pharmaceutical products	5.7	40.3	7.1	36.1	8.5	42.3	6.2	2.0
Fertilizers	17.6	7.6	24.5	12.3	80.2	33.5	21.2	25.9
Perfumes and beauty products	2.0	5.2	3.6	11.0	2.5	6.2	-4.8	0.9
Soaps and laundry	2.6	2.3	3.2	3.4	3.6	3.5	0.1	1.2
Insecticides; fungicides; herbicides etc.	6.0	21.7	3.8	9.8	7.2	25.5	15.8	3.8
Plastic materials	43.4	36.6	49.9	48.3	41.1	38.8	-9.5	2.1
Rubber	7.8	10.0	7.9	9.4	8.2	10.0	0.6	0.0
Papers and cartons	24.1	16.5	22.7	18.6	21.0	17.2	-1.3	0.7
Printing and publishing products	0.7	15.3	0.9	2.3	1.2	16.5	14.2	1.3
Other textile products	19.0	11.9	20.2	12.3	19.3	17.1	4.7	5.1
Ceramic products	58.7	12.2	63.9	15.4	56.8	14.0	-1.4	1.8
Cast iron, iron and steel	136.6	97.6	44.3	31.1	56.0	40.8	9.7	-56.8
Cast iron, iron and steel works	15.0	20.5	13.0	19.7	12.8	20.3	0.6	-0.3
Aluminium and aluminium works	2.1	3.3	3.0	5.4	2.5	4.8	-0.6	1.5
Machines and mechanical appliances	25.3	81.3	25.9	85.2	29.7	99.4	14.2	18.1
Machines and electrical appliances	15.4	48.6	17.4	54.8	14.2	56.0	1.2	7.4
*Tractors***	677	12.1	576	12.4	411	6.7	-5.7	-5.4
*Public transport vehicles ***	178	4.8	159	3.6	183	6.1	2.5	1.3
Tourism vehicles	10,313	20.1	10,129	26.9	9,793	28.7	1.8	8.6
*Goods vehicles ***	1,918	11.2	1,959	17.3	2,287	20.7	3.4	9.5
Optical and photographic equipment etc.	3.0	14.5	2.6	12.2	2.3	16.0	3.8	1.5
Furniture and medical equipment	10.7	8.3	12.8	10.0	10.4	9.6	-0.4	1.3
Overall total of imports	**2,339.3**	**1,001.8**	**2,483.3**	**1,336.4**	**2,481.6**	**1,224.2**	**-112.2**	**222.4**

Sources: *MINFI/DGC-DF, *temporary data,** number of units*

Exports

Drop in export prices

In the first quarter of 2023, the value of exports stood at 763.8 billion, down by 220.4 billion compared with the previous quarter. This situation is essentially due to the fall in prices of the main exported products (-14.1%).

By product, the decline in the value of exports was mainly observed in sawn timber (-10.7 billion), raw cocoa beans (-45.7 billion), liquefied natural gas (-68.2 billion) and crude petroleum oils (-139.6 billion). On the other hand, the sales of raw cotton recorded an increase (+25.7 billion). Excluding oil, exports fell from $80.8 billion to stand at $513.5 billion.

Year-on-year, the value of exports of goods fell by 26.8 billion, consecutively to that of the prices of the main goods exported (-18.3%). This was mainly the case with crude petroleum oils (-69.9 billion) and raw cocoa beans (-27.5 billion). Excluding oil, exports dwindled by $54.4 billion. The main products exported in the first quarter of 2023 are crude petroleum oils (32.8% of all exports), liquefied natural gas (18.2%), raw cocoa beans (12.8%), raw cotton (5.9%), sawn timber (5.7%), cocoa paste (3.3%) and cocoa butter (2.2%).

Box: Russo-Ukrainian war: end of the Ukrainian cereal export agreement: what consequences for the national economy?

From the beginning of the war, on 24 February 2022, Ukraine quickly found itself unable to commercialise its cereal production. Faced with fears of widespread famine, diplomatic negotiations were initiated by several major powers to have the issue of food security out of the war. An agreement was thus reached on 22 July 2022 in Istanbul, under the auspices of the UN Secretary General and the Turkish President. This agreement established safe corridors in the Black Sea, which both warring parties pledged not to attack in a bid to enable ship traffic to and from Ukraine. Russia also received guarantees to export its cereals and fertilizers. The Russian President refused to extend this agreement on 17 July 2023, condemning it de facto, on the grounds that certain terms of the agreement were not respected, including obstacles to trade in Russian agricultural products. He now demands the renewal of the agreement conditional on the lifting of international sanctions against his Country.

Failure to reach a new agreement could once again plunge most countries back into a new inflationary spiral even though, the price levels already reached had not yet begun to fall. Cameroon, whose economy is heavily dependent on imports, could again suffer the effects of imported inflation.

With regard to raw materials, it should be noted that wheat dominates the world cereal market, with an average production of 668 million tonnes per year. Since April 2020, that is, one month after the implementation of the first health measures against the spread of Covid- 19, the international price of soft wheat (bread making and flour production) has increased.

It rose from €181 per tonne to €193 between March and April 2020. In October 2020, it rose above €200 per tonne and since then, it has steadily escalated to over €300 per tonne in March 2022.

The price of durum wheat (used to produce pasta and semolina) rose from €262 per tonne in March 2020 to €285 per tonne in July 2021. Since then, it has begun a meteoric rise that brought its price to 459 Euros per tonne in January 2022; with a decrease observed since February 2022 to 390 Euros per tonne in March 2022. Following the signing of the disputed agreement, wheat price began to dwindle, in line with the flux of cereals as observed in the Black Sea.

The graph below shows the trend in wheat price t from the period before Covid-19, to the period after the Russia and Ukraine cereal agreement.

Graph: Evolution of wheat prices (in Euro)

Source: le Figaro, bourse ET placements

According to the Joint Coordination Centre of the Black Sea Cereal Initiative, 64% of wheat is exported to developing countries. Since the end of the agreement, the price of wheat has continued to rise. In Paris, it recorded an increase from 8.21% on July 20 to 253.75 Euros. This is the biggest increase since the beginning of the war with prices jumping by 10%. This suggests that if Russia does not renew this agreement, the price of wheat will rise again unavoidably, given the strong demand for wheat on the market. Cameroon would again face into new challenges, given the importance of wheat in its agri-food industry and incidentally, in the consumption habits of the populations.

The interviews conducted in companies during the outlook survey of the 1st quarter of 2023, revealed a willingness on the part of wheat flour producers to offer alternative flours on the market to prevent future shocks. This raises the question of which cereal or tuber would be more suitable and cost-effective to stimulate import-substitution.

With regard to crude palm oil, the latest outlook surveys reveal that, the "oilseed and animal feed industries" branch has a permanent supply deficit of about 250,000 tonnes of crude palm oil per year. In order to meet demand, Government issues import permits for crude palm oil whenever the need is expressed by operators in the sector.

However, these **operators face difficulties obtaining supplies, due to the fact that the prices of this raw material have increased on the market**.

Indeed, Malaysia, the world's leading producer, had reduced its productive workforce by almost half, to cope with the covid-19 pandemic.. As a result, there was low production at the time of the recovery in demand and, the price per kilogram of palm oil increased on the international market, as illustrated in the table below.

Table : Evolution of the price of crude palm oil in Malaysia

Month	Price per kg of crude palm oil (FCFA)	Variation %
March-20	359.74	
August 2020	401.36	11.57% ;
Jan.-21	555.13	38.31% ;
Oct-21	762.09	37.28% ;
December 2021	727.81	-4.50% ;
Jan.-22	816.12	12.13% ;
3 February 2023	1043.96	27.92% ;

Source: " les échos investor"

Due to Russia's closure of the Black Sea maritime corridor that facilitated the transit of agricultural products despite the war, Cameroon could face a shortage of refined palm oil. Russia and Ukraine are the world's main producers of sunflower, the main by-product of which (sunflower oil) is consumed by both households and the food industry. A shortage of sunflower oil, following Russia's decision to attack all vessels in the Black Sea from 17 July 2023, will oblige agricultural manufacturers to turn to crude palm oil, putting strong pressure on the demand for this product and leading to a sharp rise in its price.

Several surveys carried out in the field, through interviews with company managers in the branch of activity concerned, show a desire to no longer depend on palm oil imports. One of the producers of refined palm oil and household soap claims that to have wanted to create oil palm plantations covering an area of 35,000 hectares since 2001, but has only been able to create about 5,000 hectares in the first quarter of 2023, due to various constraints. Cameroon needs to strengthen cooperation between crude palm oil producers and refined palm oil manufacturers, in order to optimise the link between the potential of the oilseed industry and the areas of oil palm required, to gradually reduce imports of crude palm oil, and to become an exporting country in the medium term. According to foreign trade data, Cameroon imported "crude or refined palm oil" worth 103.7 billion in 2022, an increase of 100.2% compared to 2022. Already in the first quarter of 2023, there was an increase of 148.2% in quantity and 176.5% in value compared to the first quarter of 2022.

Table 13: Trend in the main exported products (Q in millions of tonnes and V in billions of CFA francs)

Period	1st Qtr. 2022		4th Qtr. 2022		1st Qtr. 2023*		Variations V	
Headings	Q	V	Q	V	Q	V	c-b	c-a
	a		b		C			
MAIN ENERGY PRODUCTS	**1224.6**	**448.5**	**1423.1**	**602.7**	**1143.4**	**422.6**	**-180.1**	**-25.9**
Crude petroleum oils	855.2	320.2	1016.8	389.8	661.8	250.3	-139.6	-69.9
Liquefied natural gas	360.0	123.6	401.8	207.4	391.5	139.2	-68.2	15.6
MAIN NON-ENERGY PRODUCTS	**624.8**	**306.3**	**684.5**	**351.3**	**569.8**	**313.2**	**-38.1**	**6.9**
Bananas (including plantains)	52.9	7.4	67.9	9.6	50.6	7.6	-2.0	0.3
Robusta coffee	0.0	0.1	2.1	2.8	0.8	0.9	-1.9	0.9
Palm oil	0.1	0.1	0.2	0.2	0.5	0.7	0.5	0.6
Cocoa-free sweets	0.8	1.1	1.0	1.6	0.7	1.1	-0.6	0.0
Raw cocoa beans	97.9	125.2	99.9	143.3	67.0	97.7	-45.7	-27.5
Cocoa paste	14.3	21.3	13.5	23.4	14.3	25.6	2.1	4.2
Cocoa butter	7.0	14.0	7.0	14.0	7.8	16.6	2.6	2.6
Chocolates and other cocoa-based products	0.8	1.5	0.8	1.5	1.2	2.1	0.7	0.6
Recipes for soups and broths	1.4	1.9	1.1	1.8	1.1	1.7	-0.1	-0.2
Soft drinks	1.4	0.6	2.6	1.4	1.8	0.6	-0.8	-0.1
Beers	3.3	1.4	3.6	1.6	3.1	1.5	-0.1	0.1
Cigarettes	0.0	0.5	0.2	1.7	0.1	1.0	-0.7	0.6
Beauty or make-up products	0.8	1.0	0.5	0.7	0.3	0.6	-0.1	-0.4
Pieces of laundry soap	8.0	4.5	17.3	13.4	18.1	14.3	0.9	9.8
Ethylene polymer sacks and bags	0.3	0.6	0.1	0.2	0.2	0.5	0.3	-0.1
Raw rubber	11.6	10.4	14.6	11.7	8.5	6.5	-5.2	-3.9
Raw wood (logs)**	0.2	17.6	0.1	15.6	0.1	15.3	-0.3	-2.2
Sawn timber	0.2	42.7	0.3	54.4	0.2	43.7	-10.7	1.0
Wood veneer sheets	15.3	5.8	10.7	4.6	14.6	6.0	1.4	0.2
Raw cotton	29.2	28.6	19.1	19.2	40.6	44.9	25.7	16.3
Cans, bottles and containers	3.9	1.7	4.1	1.8	5.1	2.3	0.4	0.6
Iron or non-alloy steel rods,	9.4	4.5	6.3	3.4	6.2	3.3	-0.1	-1.2
Raw aluminium	8.5	9.3	11.4	12.7	8.3	9.1	-3.6	-0.1
Aluminium sheets	0.7	1.7	0.4	0.8	1.0	2.3	1.5	0.6
Unwrought lead	0.9	0.4	1.4	0.7	1.3	0.7	-0.1	0.2
GENERAL TOTAL OF EXPORTED PRODUCTS	**1942.8**	**790.6**	**2161.9**	**984.2**	**1768.6**	**763.8**	**-220.4**	**-26.8**

Sources: *MINFI/DGD-DP, *provisional data, **quantities of wood in cubic metres*

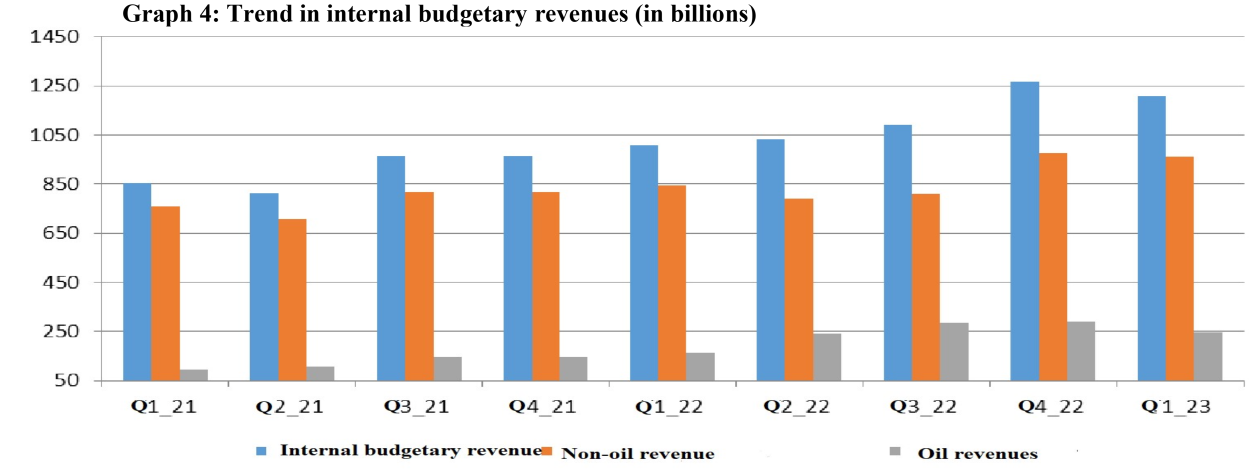
During the first quarter of the 2023 Fiscal Year, compared to the same period in the previous year, the implementation of the State budget was characterised by a drop in total resources as a result of the reduction in loans and grants, on the one hand, and by an overall increase in expenditure, on the other.

Budgetary resources: ***drop in total resources***

Total budgetary resources mobilised during the first quarter of the 2023 Fiscal Year amounted to 1,389.8 billion. They include 1,205.7 billion in internal revenue and 184 billion in loans and grants. They witnessed a decrease by 53.6 billion (-3.7%) compared to the first quarter of 2022. This decrease is mainly due to the drop in loans and grants.

Internal budgetary revenue was collected to the tune of 1,205.7 billion, **an increase of 198 billion (+19.6%)** compared to the same financial period in 2022. This increase can be observed in both oil and non-oil revenues.

Graph 4: Trend in internal budgetary revenues (in billions)

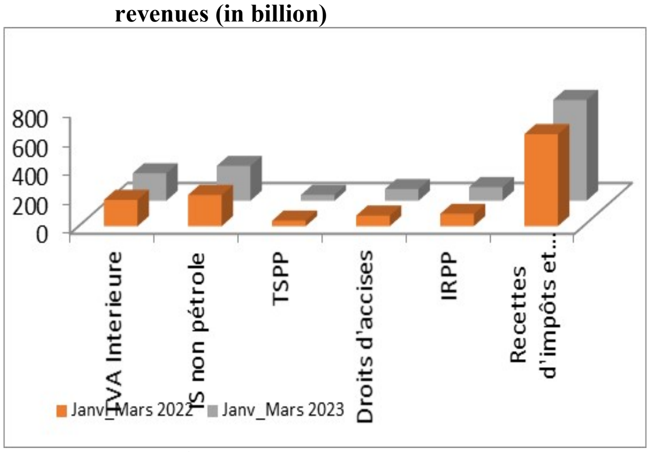


Source: MINFI/DF

Oil revenues amounted to 244.6 billion at the end of March 2023, an increase of 83 billion (+51.4%) compared to the end of March 2022, due to the rise in world oil prices and the US dollar. This includes 215.8 billion in NHC oil royalties and 28.9 billion in tax on oil companies.

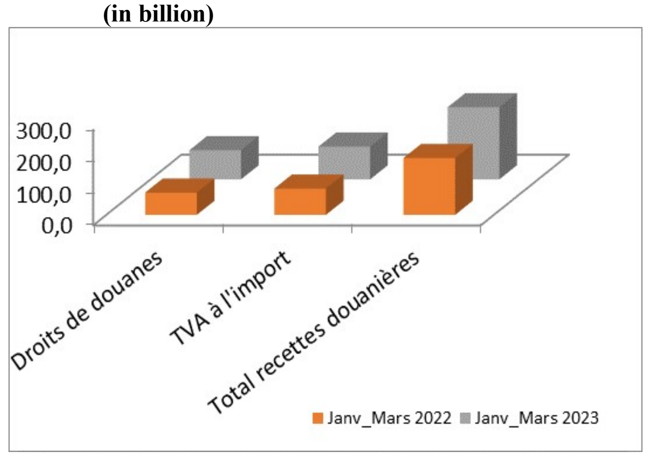
Non-oil revenue rose from 846.2 billion at the end of March 2022 to 961.1 billion at the end of March 2023, an increase of 114.9 billion (+13.6%). This increase is attributable to tax revenues, which rose by 60.4 billion (+9.5%) to stand at 694.6 billion. Customs revenues amounted to 227 billion, an increase of 48.5 billion (+27.2%). Non-tax revenues rose by 1.3 billion (+3.9%) to 34.9 billion. SAA revenues amounted to 4.7 billion.

Graph 5: Trend in the main components of tax and duty revenues (in billion)



Source : MINFI/DF

Graph 6: Trend in the main components customs revenue (in billion)



Source : MINFI/DF

Disbursed loans and grants amounted to 184 billion in the first quarter of 2023. They include 87.2 billion in project loans, 68.7 billion in budgetary support, 35.4 billion in reductions of outstanding government securities and 63.5 billion in Special drawing rights. This represents an annual decrease of 251.5 billion (-57.7%) on a yearly basis.

Table 14: Trend in budgetary resources (in billions)

HEADINGS	**1st quarter 2022**	**1st quarter 2023**	**Variations**	
	(a)	(b)	(b/a) in %	(b-a)
A-INTERNAL REVENUE	**1007.8**	**1205.7**	**19.6**	**197.9**
I-Oil revenues	**161.6**	**244.6**	**51.4**	**83.0**
1-NHC royalties	145.4	215.8	48.3	70.3
2- oil CT	16.1	28.9	78.8	12.7
II- Non-oil revenues	**846.2**	**961.1**	**13.6**	**114.9**
1-Tax Revenues	**812.6**	**921.6**	**13.4**	**108.9**
a- Tax and duty revenues	**634.2**	**694.6**	**9.5**	**60.4**
grant –PIT	84.7	93.6	10.5	8.9
-VAT	181.2	189.3	4.5	8.1
-Non-oil CT	214.4	240.0	11.9	25.6
-Excise duties	72.6	80.6	11.1	8.1
-Registration fees and stamp duty	26.3	29.7	13.0	3.4
- STPP	37.7	40.2	6.6	2.5
b- Customs revenue	**178.5**	**227.0**	**27.2**	**48.5**
including- customs duties on import	69.7	91.6	31.4	21.9
-VAT Import + SDR Excise duty on import	82.5	103.1	25.0	20.6
- customs duties on import	11.3	14.5	28.4	3.2
- Exit fees	9.5	11.3	18.5	1.8
2- Non-tax revenues	**33.6**	**34.9**	**3.9**	**1.3**
3- SAA Revenues	**-**	**4.7**	**-**	**4.7**
B- LOANS AND GRANTS	**435.6**	**184.0**	**-57.7**	**-251.5**
- Project loans	90.0	87.2	-3.0	-2.7
- Donations	18.2	0.0	-100.0	-18.2
- Budgetary support	139.0	68.7	-50.6	-70.3
- Issuance of (net) government securities	121.9	-35.4	-129.0	-157.3
- Other loans (y/c PARPAC and SDR)	66.5	63.5	-4.5	-3.0
TOTAL BUDGETARY RESOURCES	***1443.3***	***1389.8***	**-3.7**	**-53.6**

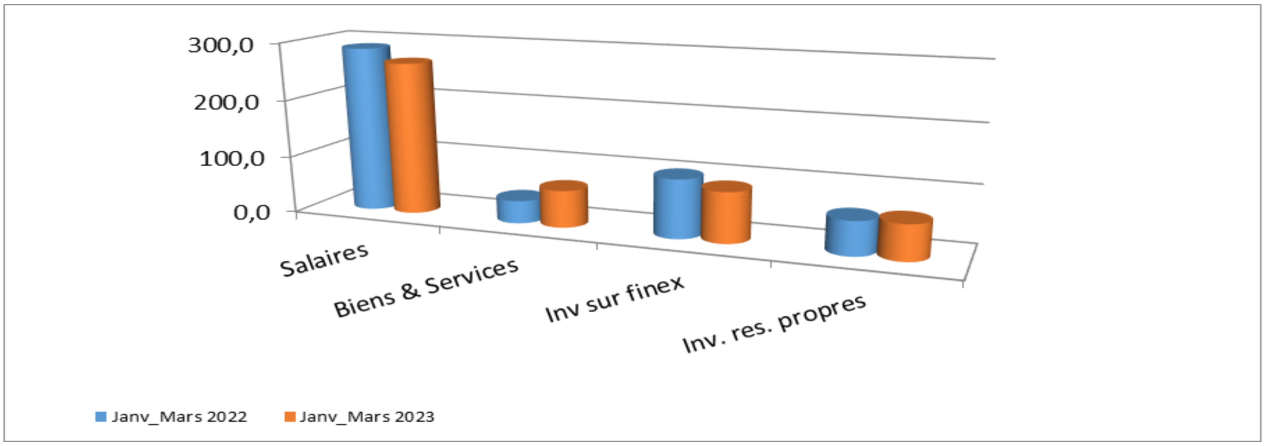
Source: MINFI/DF

Public expenditure: *Overall increase*

Total budgetary expenditure and net loans based on authorisations amounted to 1,331.2 billion at the end of March 2023 compared to 1,180.5 billion at the end of March 2022, an increase of 150.7 billion (+12.8%). This increase is mainly due to the rise in public debt service (+107 billion), current expenditure (+17.9 billion) and miscellaneous expenditure to be regularised (+31.3 billion). On the other hand, capital expenditure and loans witnessed a decrease, by 3.3 billion and 2.2 billion respectively. Trends in the components are presented below.

Current expenditure increased by 17.9 billion (+3.7%) year-on-year to 500.1 billion. At the level of the sub-headings, there were contrasting trends. *Personnel expenditure* dropped by 22.3 billion (-7.8%) to 265.6 billion. *Expenditure on goods and services* increased by 24.8 billion (+62.6%) year-on-year to 64.4 billion, including 0.4 billion in SAA expenditure. *Expenditure on transfers and pensions* amounted to 170 billion at the end of the first quarter of 2023, an increase of 15.4 billion (+10%) compared to the same period of the previous year.

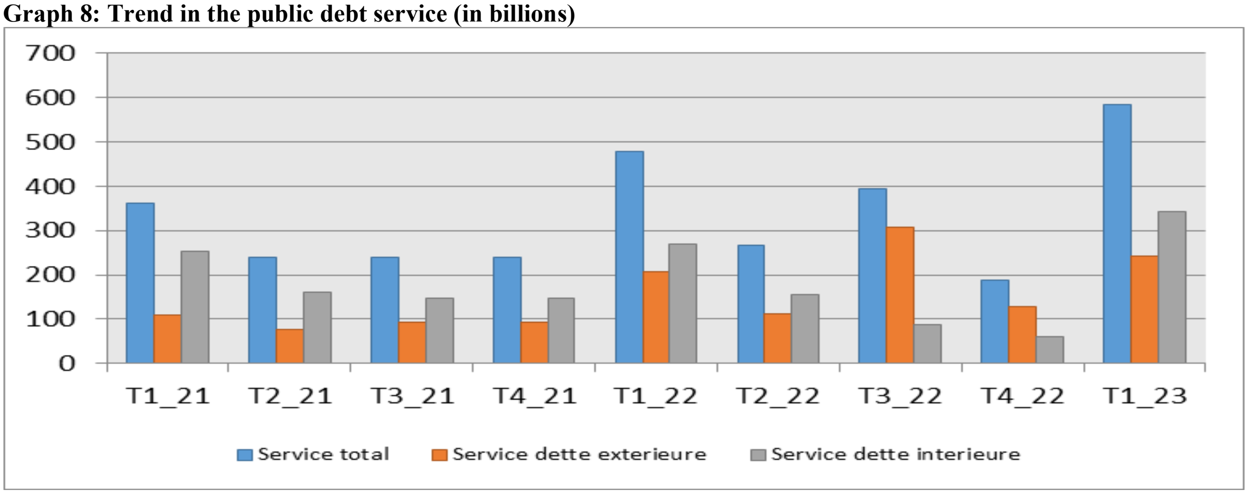
Graph 7: Trend in the main expenditure components excluding debt service (in billions)



Source: MINFI

Capital expenditure amounted to 156.8 billion, a decrease of 3.3 billion (-2.1%) compared to the end of March 2022. *Expenditure on investment in relation to external financing* amounted to 87.2 billion, a decrease of 14.3 billion (-14.1%) year-on-year. *Capital expenditure from own resources* amounted to 61.1 billion, an increase of 2.6 billion compared to 58.5 billion at the end of March 2022. Expenditure on restructuring and rehabilitation rose from 0 billion at the end of March 2023 to 8.5 billion at the end of March 2023.

Graph 8: Trend in the public debt service (in billions)



Source: MINFI/DF

The effective public debt servicing amounted to 584.3 billion, an **increase of 107 billion (+22.4%)** year-on-year**.** It includes 242.9 billion in external debt service and 341.3 billion in domestic debt.

The effective external debt servicing increased by 36.3 billion (+17.6%) year-on-year to 242.9 billion. It is made up of 190.5 billion in principal repayments and 52.5 billion in interest.

Domestic debt payments increased by 70.7 billion compared to the first quarter of 2022 and stood at 341.3 billion. They consisted of 6.3 billion in interest, 48.5 billion in principal repayments, 21 billion in VAT credit refunds and 265.5 billion in domestic arrears.

Table 15: Trend in public expenditure (in billions)

HEADINGS	1st quarter 2022	1st quarter 2023	Absolute changes	
	(a)	(b)	(b/a) in %	(b-a)
I-Current expenditure*	***482.1***	***500.1***	***3.7***	**17.9**
Personnel expenditure	287.9	265.6	-7.8	-22.3
Expenditure on goods and services	39.6	64.4	62.6	24.8
SAA – grants	-	0.4	-	0.4
Transfers and pensions	154.6	170.0	10.0	15.4
II- Investment expenditure	**160.1**	**156.8**	***-2.1***	**-3.3**
On external financing	101.6	87.2	*-14.1*	-14.3
on own resources	58.5	61.1	4.4	2.6
Expenditure on restructuring	0.0	8.5	-	8.5
III- Miscellaneous expenditure to be regularised	**63.1**	**94.4**	**49.7**	**31.3**
IV- Net loans (Loans-Repayments)	**-2.1**	**-4.3**	**106.0**	**-2.2**
V- Public debt service	**477.3**	**584.3**	***22.4***	**107.0**
External debt	206.7	242.9	17.6	36.3
Principal	166.3	190.5	14.5	24.2
Interest	40.3	52.5	30.1	12.1
Domestic debt	270.6	341.3	26.1	70.7
Interest- subsidy	11.7	6.3	-45.7	-5.3
- amortization of the debt principal	54.6	48.5	-11.3	-6.1
- refund of VAT credits	13.1	21.0	60.9	8.0
- Domestic arrears	191.3	265.5	38.8	74.2
TOTAL BUDGETARY EXPENDITURE	***1180.5***	***1331.2***	***12.8***	**150.7**

Source: MINFI/DF *excluding interest on debt

Budgetary balances and financing flows

At the end of the first quarter of the 2023 Fiscal Year, reflecting the revenue and grants received and the expenditure made, the overall balance based on payment orders stood at 374.1 billion. The primary balance based on orders stood at 433.1 billion, and the non-oil primary balance at 188.5 billion.

External financing flows recorded a negative balance of 79.9 billion at the end of March 2023. This was the result of new drawings on external loans amounting to 110.6 billion, and the amortization of the principal amount of the external debt, which amounted to 190.5 billion.

With regard to domestic financing, the Net Treasury Position (NTP) with regard to the banking system is characterised by deposits exceeding commitments. This position stood at 125.9 billion at the end of March 2023, resulting from the combined effect of a positive position of 39.9 billion in relation to commercial banks, 149.6 billion in relation to BEAC, and a negative position of 82.5 billion in relation to the IMF.

Table 16: Trend in budgetary resources (in billions)

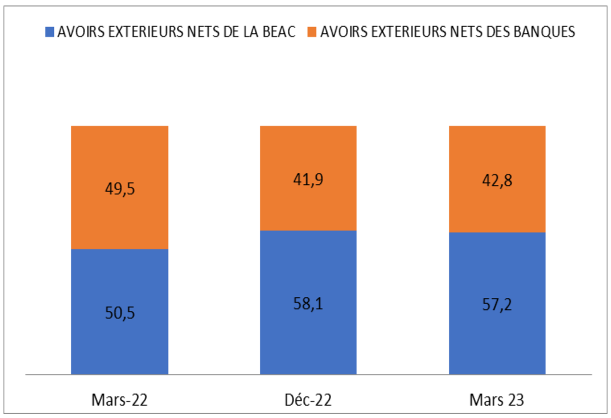
BUDGETARY BALANCE	**End of March 2022**	**End of March 2023**
OVERALL BALANCE BASED ON ORDERS (NET*)	270.7	374.1
OVERALL PRIMARY BALANCE (NET)*	**309.7**	**433.1**
NON-OIL PRIMARY BALANCE (NET*)	**148.1**	**188.5**

Source: MINFI *Excluding VAT refunds

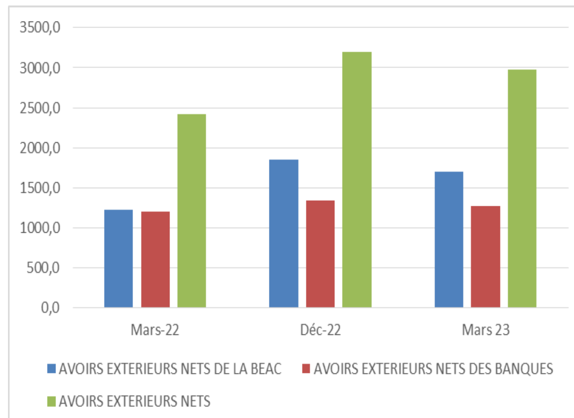
At the end of March 2023, the monetary situation was balanced in terms of resources and uses at 9,561.6 billion, a decline of 2.6% compared to the end of December 2022. This situation is the result of the contraction in net foreign assets and net claims on the State. Year-on-year, the monetary situation is on the rise by 11.3%.

Compared to the end of December, net foreign assets dropped by 6.8% to 2,977.8 billion, driven by its two components, BEAC's net foreign assets and those of banks. This decline is due to the slowdown in the repatriation of export earnings, the fall in the price of exported products, and the appreciation of the Euro (and therefore the CFAF) against the dollar, all of which have reduced the balance on the operating account. The fall in banks' net foreign assets is due to the decline in the value of commercial banks' investment securities.

Graph: 9 Trend in the weight of the components of net foreign assets (%)



Graph 10 Trend in net foreign assets and its components (in billions)



Sources : MINFI, BEAC

At the end of March 2023, domestic credit stood at 6,583.8 billion, a decline of 0.6% compared to the end of December 2022. This decline is attributable to net claims on the State, which dropped by 4.7%, while loans to the economy rose by 1.3%.

Net claims on the State rose from 2,133.2 billion at the end of December 2022 to 2,033.7 billion at the end of March 2023. Reflecting this trend, the Net Government Position (NGP)[9], stood at 2,049.4 billion, a 4.0% decline compared to the end of December 2022, mainly due to the increase in Government deposits at the Central Bank. The NGP with respect to BEAC dropped from 222.1 billion at the end of December 2022 to 72.6 billion at the end of March 2023. Similarly, the NGP in relation to banks declined from 879.9 billion at the end of December 2022 to 858.1 billion at the end of March 2023. NGP towards the IMF increased by 86.6 billion to 1,106.0 billion.

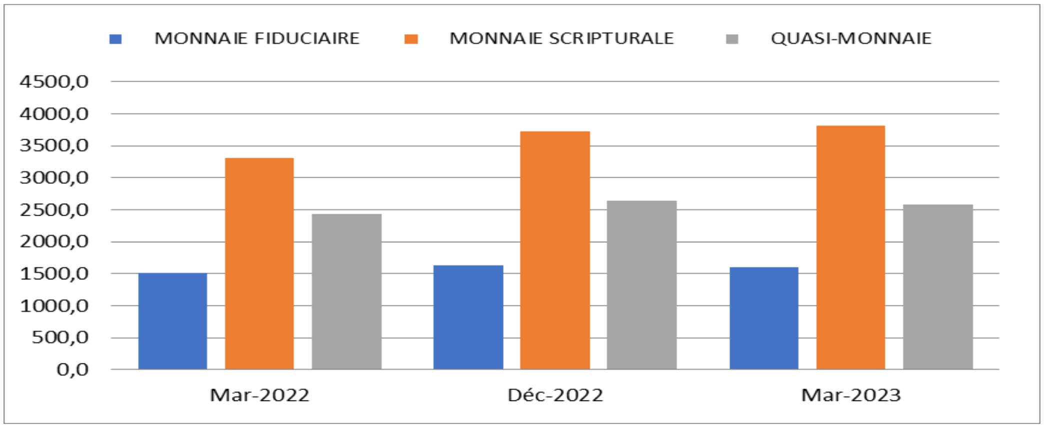
Loans to the economy rose by 1.3%, after 4.2% at the end of December 2022. In absolute terms, they stood at 4,550.1 billion, against 4,490.1 billion at the end of December 2022. This trend was driven by the rise in loans to the non-financial private sector (+1.4%) and to public enterprises (+2.5%).

The breakdown of claims on the economy, according to the length of time, shows a preponderance of short-term loans (52.0%). The share of medium-term loans is 45.0% and that of long-term loans is 3.0%.

Reflecting the evolution of its counterparts, money supply (M2) dropped by 0.1% to reach 7 998.7 billion at the end of March 2023. It is composed of 20.0% of fiduciary money, 47.6% of scriptural money and 32.4% of quasi money.

[5]This is evaluated on the basis of the difference between the loans granted to the State by BEAC, the banks and the IMF, on the one hand, and total Government deposits, on the other.

Graph 11: Components of the money supply (in billions)



Sources: MINFI/BEAC

At the end of March 2023, the year-on-year increase in the monetary situation was 11.3%, with a rise in all components except net claims on the State, which dropped by 2%. Net foreign assets increased by 23.0%, driven by both banks' net foreign assets and those of BEAC. Loans to the economy rose by 11.1%.

Reflecting the trend in net claims on the State, the NGP dropped by 0.6%, as a result of the decline in the NGP towards banks and BEAC, and the increase in the NGP vis-à-vis the IMF.

Loans to the economy increased by 13.7% at the end of March 2023. This was driven mainly by loans to the non-financial private sector (+11.9%).

The currency's external coverage ratio, defined as the ratio between gross official foreign currency assets and the Central Bank's total sight liabilities, stood at 82%, compared to 74% at the end of December 2022. It is 80% in the CEMAC region.

Table 17: Broad monetary situation at the end of March 2023 (in billions of CFAF)

	March-22	Dec-22	March-23	Variations	
	A	b	c	c/b	c/ a
TOTAL COUNTERPARTS OF THE MONETARY SYSTEM RESOURCES	**8594.1**	**9, 817.3**	**9, 561.6**	**-2.6**	**11.3**
NET EXTERNAL ASSETS	2421.5	3, 194.0	2, 977.8	-6.8	23.0
BEAC's net external assets	1223.7	1854.1	1703.6	-8.1	39.2
including : Operations account	2226.6	2696.7	2492.1	-7.6	11.9
Foreign currency assets	105.5	354.8	491.7	38.6	366.1
Use of IMF Credits	744.0	793.9	818.5	3.1	10.0
BCM's net external assets	1,197.7	1339.8	1274.2	-4.9	6.4
Internal Credit (a+b)	6,172.6	6, 623.3	6, 583.8	-0.6	6.7
Net Claims on the State (a)	2,075.8	2, 133.2	2, 033.7	-4.7	-2.0
NET GOVERNMENT POSITION	2,062.5	2, 134.2	2, 049.4	-4.0	-0.6
Other net claims on the State	13.2	-59.1	-15.7	1, 374.7	-218.7
Claims on the economy (b)	4,096.8	4, 490.1	4, 550.1	1.3	11.1
Banking institutions in liquidation	0.0	0.0	0.0	0.0	16.7
OTHER BANKING INSTITUTIONS NOT ELIGIBLE FOR BEAC REFINANCING	8.1	7.6	9.6	26.8	18.3
Non-banking financial institutions	6.8	33.4	25.5	-23.8	273.8
Non-financial public enterprises	452.0	442.6	453.9	2.5	0.4
Private non-financial sector	3,629.9	4, 006.5	4, 061.1	1.4	11.9
TOTAL COUNTERPARTS OF THE MONETARY SYSTEM RESOURCES	**8,594.1**	**9, 817.3**	**9, 561.6**	**-2.6**	**11.3**
Banknotes and coins	1,510.1	1, 637.6	1, 598.5	-2.4	5.9
Scriptural money	3,305.2	3, 729.4	3, 809.8	2.2	15.3
BEAC	3.7	3.7	5.5	47.9	49.8
MONEY-CREATING BANKS	3,269.1	3, 693.9	3, 774.0	2.2	15.4
OTHER BANKING INSTITUTIONS ELIGIBLE FOR BEAC REFINANCING	29.0	28.3	26.8	-5.2	-7.6
Giro Centre (PCC)	3.5	3.5	3.5	0.0	0.0
Money availability	4815.3	5, 367.0	5, 408.3	0.8	12.3
Quasi-money	2435.6	2, 643.1	2, 590.4	-2.0	6.4
MONEY-CREATING BANKS	2404.8	2, 611.0	2, 556.8	-2.1	6.3
OTHER BANKING INSTITUTIONS ELIGIBLE FOR BEAC REFINANCING	30.8	32.1	33.6	4.5	9.1
MONETARY AND QUASI-MONETARY LIQUIDITY	7250.9	8, 010.1	7, 998.7	-0.1	10.3
Other net positions	1343.2	1, 807.2	1, 562.8	-13.5	16.4

Sources: BEAC/MINFI

Household final consumption prices in Douala and Yaoundé in the first quarter of 2023

In the first quarter of 2023, compared to the previous quarter, the household final consumption price index rose by 2.0% in Yaoundé and by 2.4% in Douala. The rise in prices in both cities was driven by the increase in food prices (+3.5%), mainly vegetables, meat, fruit, bread and cereals.

Table 18: Trend of the household final consumption price index

Town	1st quarter. 2022	4th quarter. 2022	1st quarter. 2023	Variations (in %)	
	(a)	(b)	(c)	(c)/(b)	(c)/ (a)
Yaoundé	122.0	129.7	132.3	**2.0**	**8.4**
Douala	122.1	129.0	132.2	**2.4**	**8.2**

Sources: NIS, MINFI

The rise in vegetable prices (+10.1%) mainly concerned tomatoes, onions, pulses and oilseeds (shelled groundnuts and dried beans). The rise in fruit prices (+3.7%) was particularly seen in Douala, and is attributable in particular to higher prices for oranges, pineapples, papayas, watermelons and apples.

The increase in "bread and cereals" prices (+3.3%) was mainly due to higher prices for unprocessed cereals and pasta. The rise in meat prices (+1.9%) is linked to the increase in poultry prices.

Year-on-year, the household final consumption price index rose by 8.4% in Yaoundé and 8.2% in Douala, driven by soaring food and transport prices.

Other socio-economic information

Fuel prices at the pump rose February 1, 2023. According to a government press release, a litre of petrol is now sold at 730 francs and a litre of diesel at 720 francs, compared with 630 francs and 575 francs respectively previously.

In connection with this rise in fuel prices on February 15, 2023 the Ministry of Commerce signed an order setting harmonised fares for urban transport by taxi, sub-urban transport and inter-urban transport by vehicles and buses throughout the country. Taxi fares will rise from 250 francs to 300 francs during the day and from 300 francs to 350 francs at night.

Les brasseries du Cameroun (Boissons du Cameroun), acquired Guinness Cameroun SA on 28 March 2023, following approval from the CEMAC national competition authorities. Following this operation, *Boisson du Cameroun* now controls around 85% of the drinks market. It plans to invest 200 billion francs over the next five years to strengthen its production and distribution capacity throughout the country.

Decree No. 2023/00338/PM of 21 March 2023 to set the Guaranteed Interprofessional Minimum Wage (SMIG) raises the SMIG, which was set at 36,270 francs in 2014, regardless of the branch of activity. The aforementioned decree now sets the minimum wage at 41,875 francs for government workers governed by the Labour Code, 45,000 francs for the agricultural and similar sectors, and 60,000 francs for other sectors of activity.