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SECRETARIAT GENERAL

DIVISION OF FORECASTS

REPUBLIC OF CAMEROON

Peace – Work – Fatherland

***SECOND QUARTER 2023
ECONOMIC OUTLOOK BULLETIN***

SUMMARY

| | |
|---|------------------------------------|
| <i>SACRONYMS AND ABBREVIATIONS</i> | Erreur ! Signet non défini. |
| <i>OVERVIEW</i> | Erreur ! Signet non défini. |
| <i>MACROECONOMIC FRAMING ELEMENTS</i> | 6 |
| <i>EXTERNAL SECTOR</i> | Erreur ! Signet non défini. |
| <i>PUBLIC FINANCES</i> | 20 |
| <i>MONETARY SITUATION</i> | Erreur ! Signet non défini. |
| <i>BANKING SECTOR</i> | Erreur ! Signet non défini. |
| <i>SOCIO-ECONOMIC INFORMATION</i> | Erreur ! Signet non défini. |

ACRONYMS AND ABBREVIATIONS

| | |
|-------|---|
| BEAC | Bank of Central African States |
| CEMAC | Economic and Monetary Community of Central Africa |
| CT | Corporate 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 Stabilisation Fund |
| IMF | International Monetary Fund |
| lb | Pound Sterling |
| MINFI | Ministry of Finance |
| NHC | National Hydrocarbons Corporation |
| NPT | Net Position of the Treasury |
| STPP | Special Tax on the sale of Petroleum Products |
| VAT | Value Added Tax |

International economic environment

In the second quarter of 2023, global economic activity is marked by the decline in manufacturing production and the continued tightening of monetary and financial conditions.

In the group of advanced countries, and according to the OECD, GDP growth in the second quarter was 0.5%, after 0.4% in the previous quarter. In the United States, growth remained almost stable (0.6% after 0.5%). In the euro zone, it improved (0.3% after 0.0%).

In the group of emerging countries, we also record a slowdown in economic activity. This trend is common to almost all the economies in this group. Indeed, in **China**, economic growth in the second quarter slowed to 0.8% after 2.2% in the first quarter, in line with weak domestic demand. Growth also slowed in India (1.9% after 2.1%) and Brazil (0.9% after 1.8%). Conversely, growth accelerated in South Africa (0.6% after 0.4%) and remained at 0.8% in Mexico.

Over the year 2023 and according to the IMF (July 2023), global growth should be at 3%, after to 3.5% last year.

For advanced countries, the slowdown in growth forecast for 2023 remained notable with a rate that would drop from 2.7% in 2022 to 1.5%. In the United States, growth is expected to slow to 1.8% in 2023 after 2.1% in 2022. In the euro zone, growth is expected to slow to 0.9% after 3.5%. In Japan, GDP is expected to grow by 1.4% in 2023 after to 1% the previous year.

In emerging and developing countries, growth should be generally stable at 4.0% in 2023. In China, it is estimated at 5.2% after 3.2%, due partly to the rise in overall consumption and net exports on one hand and the decline in investments on the other hand.

In sub-Saharan Africa, growth is expected to slow down to 3.5% in 2023 after to 3.9%. The slowdown would be noticeable in **Nigeria** (3.2% after 3.3%), due to security problems in the oil sector, and in **South Africa** (0.3% after 1.9%), due to shortages of electricity.

With regard to commodity prices, the index of commodity prices exported (ICMPE) by Cameroon dropped (0.4% after 4.5% in the previous quarter), as a result of a rise in the price of non-energy

products (+3.2%) and a drop in that of energy products (-3.4%).

As for hydrocarbons, the prices of crude oil dropped from \$79.04 to \$76.61 per barrel, a drop of 3.1%, while natural gas stood at \$13.06 per million BTU after \$18.21, a drop of 28.3%.

On the foreign exchange market, the CFA franc appreciated overall by 2.4% compared to the currencies of the main trading partners. In particular, it appreciated against the Chinese Yuan (4.4%), the Indian rupee (1.4%) and the Russian Ruble (21.2%), the Chinese yuan (2.7%) and the Japanese Yen (3.5%). However, it depreciated against the Pound Sterling by 0.8%. Year-on-year, the CFA franc appreciated overall by 10.9%.

Situation of the national economy

At the national level, and according to the results of the business survey conducted, the national economy is marked by the rising cost of agricultural inputs, energy and transport. In the second quarter of 2023 and compared to the first quarter, the payroll dropped by 1.2% and the number of enterprises is down by 3.1%.

Over the year 2023, the turnover of enterprises is estimated to increase by 5.6% compared to 2022.

The latest updates of the macroeconomic framework show a growth rate of 3.9% in 2023 compared to 3.6% in 2022. Inflation rate is estimated at 6.7% after 6.3%.

External sector

In the second quarter of 2023 and compared to the first quarter of 2023, the current deficit is reduced by 211.1 billion and stands at 237.1 billion, mainly due to the reduction in the goods and primary income deficit. External financing is characterized by net inflows of 453.9 billion after 281.2 billion, in line with the increase in net inflows from the banking sector (+208.3 billion). The overall balance on all transactions carried out is a surplus of 239.2 billion, against a deficit of 150.6 billion in the previous quarter.

Year-on-year, the current account worsened by 116.2 billion, external financing increased by 230.1 billion and the overall balance improved by 37.3 billion.

Public finances

In the second quarter of 2023, total budgetary resources collected amounted to 1,291.4 billion, down by 177.6 billion year-on-year. They include 1,153.2 billion in internal revenue and 138.2 billion in loans and grants.

At the end of the first half of 2023, the achievements of total budgetary resources amounted to 2,670.5 billion. They decreased by 36.3 billion compared to the first half of 2022 when they were 2,706.8 billion.

Total budgetary expenditure based on authorizations made amounted to 1,505.4 billion, an increase of 0.6%. Current expenditure excluding interest on debt amounted to 916.8 billion, up by 28.4%. Investment expenditure fell by 55.1% to 203.8 billion.

Total budgetary expenditure based on payment orders amounted to 2,852.1 billion at the end of June 2023 against 2,639.6 billion at the end of June 2022, an increase of 212.5 billion.

Monetary situation

At the end of June 2023, and compared to the end

of March, the monetary situation was marked by a drop in net foreign assets (-1.8%), and an increase in domestic credit (+5.1%) to stand at 2,924.3 billion and 6,915.7 billion. Reflecting the evolution of its counterparts, money supply (M2) increased by 0.7% to stand at 8,049.5 billion at the end of June 2023. It is made up of 19.8% fiat money, 46.7 % of scriptural money and 33.5% of quasi-money.

At the end of June 2023, and year-on-year, the monetary situation progressed by 11.9% and was characterized by an increase in all its components.

Socio-economic information

In the second quarter of 2023, household final consumption prices increased by 2.2% compared with the previous quarter. This development is driven by the rise in prices of all consumption items. Items whose prices have increased more than the national average include “food products and non-alcoholic drinks” (+2.6%) and “Transport (+6.9%)”. Prices remained stable for “Communication” and “teaching” services. Year-on-year, final household consumption prices increased by 7.9%.

MACROECONOMIC FRAMING ELEMENTS

International economic environment

Economic Growth

In the second quarter of 2023, global economic activity was marked by the decline in manufacturing production and the continued tightening of monetary and financial conditions, in particular the increase in key rates applied by central banks to combat inflation.

In advanced countries, GDP growth is 0.5%, after 0.4% in the first quarter of 2023. Depending on the main countries in the group, trends are contrasting.

In the United States, economic growth was 0.6% after 0.5% the previous quarter. This acceleration was driven by investment and private consumption.

In the United Kingdom, GDP grew by 0.2% after 0.1%. Increases in private and public spending supported this growth, while net exports continued to be a slowdown factor.

In the Euro zone, GDP growth was 0.3%, after stable activity in the first quarter. This trend reflects that of the member countries. **In Germany**, GDP remained stable after dropping by 0.1% in the previous quarter. In France, activity grew by 0.9% as in the first quarter, resulting from good performance in net exports and a contraction in private consumption. **In Italy**, GDP slowed down to 0.6% after 2%, in line with the reduction in domestic demand (including changes in inventories). **In Spain**, GDP grew by 0.4% after 0.5% previously. **In Portugal**, activity remained stable, after growth of 1.6%.

In Japan, growth accelerated to 1.5% from 0.9%. Net exports were the main driver of this growth, with private consumption contracting by 0.5%.

In emerging and developing countries, we also recorded a slowdown in economic activity. **In China**, economic growth in the second quarter was 0.8% after 2.2% in the first quarter. This slowdown is attributable to weak domestic demand, which led to a deflationary spiral. The reductions in key rates did not have a positive impact on consumption and investment, as economic agents preferred to reduce their debt. Growth also slowed down in India (1.9% after 2.1%) and Brazil (0.9% after 1.8%). Conversely, growth accelerated in South Africa (0.6% after 0.4%) and remained at 0.8% in Mexico.

Over the year 2023 and according to the IMF (July

2023), world growth should be 3%, after 3.5% last year.

For advanced countries, growth is expected to slow down in 2023, with the rate falling from 2.7% in 2022 to 1.5% in 2023. **In the United States**, growth is expected to slow down to 1.8% in 2023 after 2.1% in 2022.

In the United Kingdom, growth is expected to fall from 4.1% in 2022 to 0.4% in 2023. It has been revised upwards by 0.7 percentage points, due to the effects on confidence of falling energy prices, the reduction in uncertainty following Brexit and the resilience of the financial sector.

In the Euro zone, growth is expected to slow down, from 3.5% in 2022 to 0.9% in 2023. Given the upturn activity in the services and tourism sectors, growth has been revised upwards by 0.4 percentage point for Italy and 1.0 percentage point for Spain. On the other hand, for Germany, low manufacturing production and the contraction of the economy in the first quarter of 2023 resulted in a downward revision of growth by 0.2 percentage point, to stand at -0.3%.

In Japan, GDP is expected to grow by 1.4% in 2023 after 1% the previous year. Compared with the April projections, this rate has been revised upwards, thanks to an increase in demand and a monetary easing policy.

In emerging and developing countries, growth is expected to be globally stable at 4.0% in 2023. However, this average masks disparities, as several countries in this group could experience stronger growth in 2023.

The forecast for China remains unchanged at 5.2%, but is characterized by a structural change: consumption growth is changing overall, while investment is recording weaker results with the slowdown in the country's real estate sector. Higher-than-expected net exports have offset some of the weak investment, although their contribution is declining as the global economy slows. Growth in India was revised upwards by 0.2 point, and would stand at 6.1% in 2023. This follows the strength of investment during the fourth quarter of 2022.

In Russia, forecasts has been revised upwards by 0.8 percentage point to 1.5%, in line with fiscal stimulus measures.

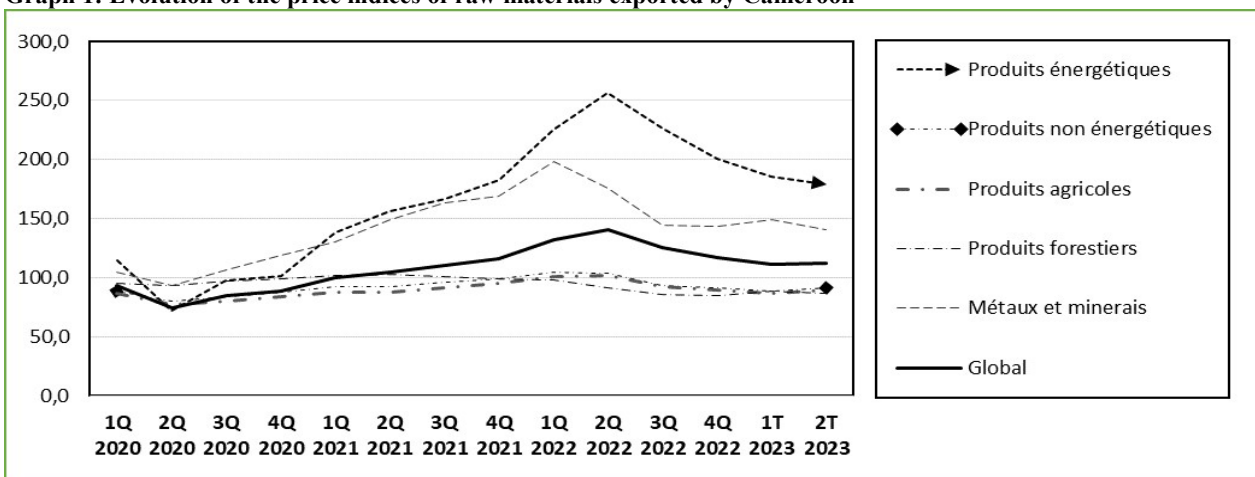
In Brazil, GDP growth is forecast at 2.1%, an upward revision of 1.2 percentage point, taking into account the increase in agricultural production in the first quarter of 2023 and its positive impact effects on the activity in the service sector.

In Mexico, growth is revised upwards by 0.8 percentage point to stand at 2.6%, thanks to a delay in the post-pandemic recovery in services and the effects of resilient demand in the United States.

In sub-Saharan Africa, growth is expected to slow down to 3.5% in 2023. In the main economies of the region, growth is estimated at 3.2% after 3.3% in Nigeria and 0.3% after 1.9% in South Africa.

Commodity prices

Graph 1: Evolution of the price indices of raw materials exported by Cameroon



Source : MINFI /DF

Evolution of the prices of the main exported products

Energy products

In the second quarter of 2023, the energy product price index recorded a drop of 3.4% after that of 7.6% in the previous quarter. With regard to oil in particular, crude oil prices dropped from \$79.04 to \$76.61 per barrel, a decrease of 3.1%, in a context of excess supply. In addition, the tightening of monetary policies is weighing on demand and thus exerting downward pressure on prices since the end of 2022.

As for liquefied natural gas prices, they stand at \$13.06 per million BTU after \$18.21 in the first quarter, a drop of 28.3%, in a context of very high global inventories.

Agricultural products

Cocoa prices increased by 12.3% to \$3 per kg due

Since the start of 2023, the world prices of the main raw materials exported by Cameroon have been subject to numerous uncertainties, both macroeconomic and geopolitical. Despite these uncertainties, they remained above their levels prior to the health crisis.

In perspective, the trajectory of the ICMPE for the coming months depends heavily on the dynamism of the global economy, the trajectory of inflation and therefore interest rates, and the evolution of the Russian-Ukrainian conflict. However, according to the World Bank, compared to 2022, energy prices would decrease by around 26% in 2023 and those of agricultural products and metals by almost 7% and 8% respectively.

to very low world stocks and unfavourable weather conditions in producing countries, particularly in Cote d'Ivoire. Those of sugar stood at \$0.54 per kg, an increase of 23.4%, in line with expectations of the negative impacts of the El Nino ocean phenomenon on production.

Coffee prices increased by 20.7%, driven by those of Robusta which stood at \$2.72 after \$2.25 in the previous quarter. This trend is linked to the narrowness of supply in the face of sustained demand, as roasters increase the share of this variety of coffee, traditionally less expensive than Arabica, in their blend. Arabica prices stabilized at around \$4.83 per kg.

Conversely, cotton prices fell by 4.5% to settle at \$2.07 per kg. This decline is explained by weak global demand for textiles and clothing. Likewise, rubber prices are down by 4.1% and stand at \$1.54 per kg, due to weak demand in China. **Those of banana fell by 1.60% and stood**

at \$1.62 per kg. Finally, palm oil prices decreased by 3.8% to \$918.76 per tonne, due to the increase in global supply, following the reopening of exports from Indonesia, the world's leading producer.

Forest products

In the second quarter of 2023, prices of forest products fell overall by 2.2% after witnessing a 4.1% increase in the previous quarter, linked to the increase in supply, following the resumption of exports. Specifically, sawn timber prices

dropped by 1.8% to \$650.13 per m³; those of raw wood (logs) and plywood each decreased by 3.5% to stand at \$217.02 per m³ and \$398.06 per sheet respectively.

Metals and Ores

In the second quarter of 2023, the prices of metals and ores exported by Cameroon fell by 5.3%, due to weak global demand, particularly from China. Thus, the prices of raw aluminium, lead and iron fell respectively by 5.8%; 0.8% and 11.2%.

Tableau 1 : Evolution des cours des principales matières premières exportés

| Periods | 2 nd Qtr . 2022 | 1 st Qtr 2023 | 2 nd Qtr 2023 | Variations (en %) | |
|--|----------------------------|--------------------------|--------------------------|-------------------|-------|
| Headings | A | b | c | c/a | c/b |
| Energy products | | | | | |
| Crude Oil(\$/baril) | 110,10 | 79,04 | 76,61 | -30,4 | -3,1 |
| Liquefied natural gas (\$/million BTU) | 16,12 | 18,21 | 13,06 | -19,0 | -28,3 |
| Non energy products | | | | | |
| Agricultural products | | | | | |
| Cocoa (\$/kg) | 2,38 | 2,67 | 3,00 | 26,0 | 12,3 |
| Raw Cotton (\$/kg) | 3,48 | 2,17 | 2,07 | -40,5 | -4,5 |
| Raw rubber (\$/kg) | 2,06 | 1,61 | 1,54 | -25,1 | -4,1 |
| Bananas (\$/kg) | 1,45 | 1,65 | 1,62 | 11,5 | -1,6 |
| Coffee (\$/kg) | 4,08 | 3,55 | 3,77 | -7,5 | 6,4 |
| Of which arabica coffee (\$/kg) | 5,87 | 4,84 | 4,83 | -17,8 | -0,3 |
| Robusta Coffee (\$/kg) | 2,28 | 2,25 | 2,72 | 19,1 | 20,7 |
| Palm oil (\$/metric ton) | 1633,59 | 954,67 | 918,76 | -43,8 | -3,8 |
| Sugar (\$/kg) | 0,43 | 0,44 | 0,54 | 27,3 | 23,4 |
| Forest products | | | | | |
| Sawn timber (\$/m ³) | 685,47 | 662,07 | 650,13 | -5,2 | -1,8 |
| Rough lumber (logss) | 229,71 | 224,95 | 217,02 | -5,5 | -3,5 |
| Plywood (\$/sheet) | 421,35 | 412,61 | 398,06 | -5,5 | -3,5 |
| Metals and ores | | | | | |
| Raw aluminium (\$/metric ton) | 2879,39 | 2404,81 | 2265,53 | -21,3 | -5,8 |
| Iron (\$/metric tonne) | 137,73 | 126,07 | 112,00 | -18,7 | -11,2 |
| Unwrought lead (\$/metric ton) | 2196,42 | 2136,50 | 2118,64 | -3,5 | -0,8 |

Source : MINFI / DF

Price competitiveness

Nominal effective exchange rate

In the second quarter 2023, compared with the previous quarter, the CFA franc appreciated globally by 2.4% against the currencies of its main trading partners. In particular, it

appreciated against the chinese yuan (4,4%), the indian rupee (1,4%), the Russian ruble (21,2%), the US dollar (1,7%) and the Japanese yen (3,5%). Conversely, it is depreciating against sterling. On a year-on-year basis, it appreciated globally by 10,9%.

Table 2 : Evolution of the nominal exchange rate vis-à-vis the major currencies

| Currency | Weight of trade 2022 (in %) | Exchange rate 2nd quarter. 2022 | Exchange rate 1 st quarter 2023 | Exchange rate 2nd quarter. 2023 | Variations (in %) | |
|---|--------------------------------|---------------------------------------|--|---------------------------------------|-------------------|--------------|
| | | a | B | c | c/b | c/a |
| Euro (European Union) | 28.6 | 655.90 | 655.90 | 655.90 | 0.0 | 0.0 |
| Indian rupee | 12.3 | 7.98 | 7.43 | 7.33 | -1.4 | -8.1 |
| Chinese Yuan | 11.4 | 93.13 | 89.33 | 85.40 | -4.4 | -8.3 |
| CFA Franc Africa | 4.1 | 1.00 | 1.00 | 1.00 | 0.0 | 0.0 |
| American dollar | 2.8 | 616.07 | 612.87 | 602.28 | -1.7 | -2.2 |
| Russian Rubble | 2.4 | 10.91 | 9.62 | 7.58 | -21.2 | -30.5 |
| Korean won | 2.1 | 0.49 | 0.48 | 0.46 | -5.2 | -6.2 |
| New Turkish Pound | 2.0 | 38.92 | 32.37 | 30.64 | -5.4 | -21.3 |
| Malaysian ringgit | 2.0 | 141.49 | 139.29 | 133.99 | -3.8 | -5.3 |
| South African Rand | 1.3 | 39.48 | 34.41 | 32.30 | -6.1 | -18.2 |
| Thai bath | 28.6 | 17.91 | 18.01 | 17.54 | -2.6 | -2.0 |
| Pound sterling | 12.3 | 773.02 | 742.70 | 748.32 | 0.8 | -3.2 |
| Japanese Yen | 11.4 | 4.75 | 4.62 | 4.46 | -3.5 | -6.1 |
| Weighted nominal exchange rate index | | 87.70 | 80.01 | 78.11 | -2.4 | -10.9 |

Source : BCE, MINFI/DF

This appreciation of the currency compared to the currencies of the main partners and suppliers is explained by the recovery of the Euro. Indeed, after a significant depreciation against the US dollar, the Euro has regained strength due to: (i) the improvement in terms of trade, linked to the fall in energy prices; and (ii) the reduction in the

one-year interest rate differential with the United States.

Relative inflation rate

In the second quarter of 2023 and compared to the previous quarter, prices in Cameroon overall increased by 1.5% compared to the prices of the country's main trading partners.

Table 3: Trends in inflation rates of main partners

| Currencies | Consumer price index 2nd quarter 2022 | Consumer price index 1 st quarter 2023 | Consumer price index 2nd quarter 2023 | Variation (in %) | |
|--------------------------------------|---|---|---|------------------|-------------|
| | A | B | c | c/b | c/a |
| Euro (European Union) | 124.87 | 135.27 | 132.99 | -1.7 | 6.5 |
| Indian rupee | 210.05 | 221.51 | 219.40 | -1.0 | 4.4 |
| Chinese Yuan | 132.32 | 133.60 | 132.09 | -1.1 | -0.2 |
| CFA Franc Africa | 129.76 | 138.72 | 135.95 | -2.0 | 4.8 |
| American dollar | 134.99 | 142.01 | 139.56 | -1.7 | 3.4 |
| Russian Rubble | 219.09 | 225.28 | 229.20 | 1.7 | 4.6 |
| Korean won | 125.10 | 130.63 | 128.75 | -1.4 | 2.9 |
| New Turkish Pound | 551.98 | 842.53 | 766.37 | -9.0 | 38.8 |
| Malaysian ringgit | 126.56 | 131.82 | 130.84 | -0.7 | 3.4 |
| South African Rand | 183.06 | 197.01 | 195.53 | -0.8 | 6.8 |
| Thai bath | 121.06 | 125.30 | 122.00 | -2.6 | 0.8 |
| Pound sterling | 133.68 | 145.63 | 143.91 | -1.2 | 7.7 |
| Japanese Yen | 107.72 | 111.78 | 111.49 | -0.3 | 3.5 |
| Cameroon CFAF | 132.04 | 140.06 | 140.86 | 0.6 | 6.7 |
| Weighted relative price index | 107.90 | 109.04 | 107.39 | -1.5 | -0.5 |

Source : BCE, NIS, MINFI/DF

Real effective exchange rate

In the second quarter of 2023, the real effective exchange rate appreciated by 3.9% after 5.6% in the previous quarter, marking a further loss of competitive positions vis-à-vis the main trading partners. This loss of competitiveness is attributed to the depreciation of the CFA Franc and the unfavourable inflation differential in Cameroon over the period under review.

Bilaterally and in order, Cameroon's competitive position was more unfavourable with China, Russia, the Euro zone, India and Turkey. The currencies of these 5 economies explain almost 80% of the appreciation of the overall REER and therefore of the loss of competitiveness observed in the second quarter of 2023.

Table 4 : Contribution to the evolution of competitiveness

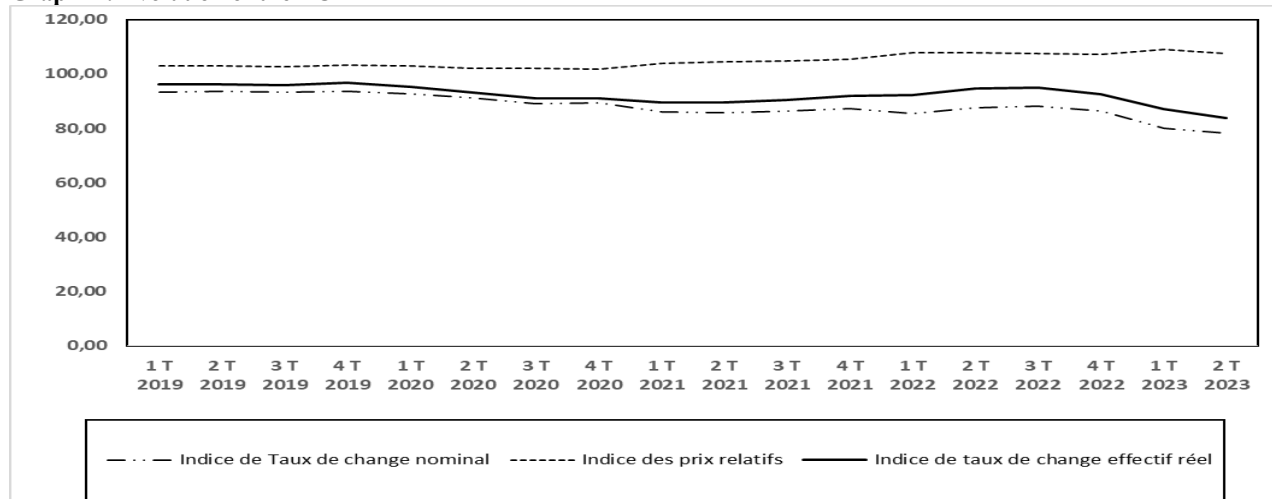
| Devise | Weighted real exchange rate 2nd quarter 2022 | Weighted real exchange rate 1st quarter 2023 | Weighted real exchange rate 2nd quarter 2023 | Variations (in %) | |
|---|--|--|--|-------------------|--------------|
| | A | B | c | c/b | c/a |
| Euro (European Union) | 10.73 | 12.81 | 12,73 | -0,6 | 18,7 |
| Indian rupee | 1.29 | 1.49 | 1,48 | -0,4 | 14,9 |
| Chinese Yuan | 3.24 | 2.02 | 2,00 | -0,9 | -38,4 |
| CFA Franc Africa | 1.00 | 1.00 | 1,00 | -0,1 | -0,1 |
| American dollar | 1.25 | 1.28 | 1,28 | -0,1 | 2,5 |
| Russian Rubble | 1.16 | 1.09 | 1,08 | -0,7 | -7,0 |
| Korean won | 0.98 | 0.98 | 0,98 | -0,2 | -0,4 |
| New Turkish Pound | 1.16 | 1.14 | 1,14 | -0,4 | -2,2 |
| Malaysian ringgit | 1.07 | 1.14 | 1,14 | -0,1 | 6,2 |
| South African Rand | 1.03 | 1.07 | 1,07 | -0,1 | 3,5 |
| Thai bath | 1.05 | 1.05 | 1,05 | -0,1 | 0,1 |
| Pound sterling | 1.07 | 1.11 | 1,11 | 0,0 | 3,8 |
| Japanese Yen | 1.03 | 1.02 | 1,02 | -0,1 | -0,5 |
| Real Effective Exchange Rate Index | 94.62 | 87.24 | 83,88 | -3,9 | -11,4 |

Source : MINFI, DF

In perspective, in the third quarter of 2023, the trends observed since the fourth quarter of 2022 should continue due to the appreciation of the CFA franc in connection with the strength of the

euro against the main currencies and particularly the American dollar. However, at the end of the year, the trend should be reversed due to a favourable inflation differential in Cameroon.

Graph 2 : Evolution of the TCER



Source : MINFI, DF

National economic situation

The business survey carried out by the Ministry of Finance shows that in the second quarter of 2023, the national economy continues to be marked by rising costs for agricultural inputs, energy and transport.

Compared to the first quarter of 2023, there has been a decline in: (i) the overall turnover of Cameroonian companies; (ii) the wage bill (-1.2%); (iii) the number of employees (-3.1%). By sector of activity, turnover rose by 1.5% in the tertiary sector. By contrast, it dropped by 4.3% in the secondary sector and by 5.8% in the primary sector. For the year 2023, business leaders expect overall turnover to rise by 5.6% compared to 2022.

Primary sector

The 5.8% drop in sales in the primary sector is explained in particular by the decline in agro-industrial production, linked to the vegetative cycle of certain crops, for which the second quarter is the lowest production period. The unavailability of certain inputs and fertilisers also had an impact on primary sector activity.

Over the first six months and year-on-year, sales rose by 3.8%.

Palm oil

In industrial and export agriculture, crude palm oil production dropped by 43.9% in the second quarter of 2023 compared to the previous quarter, due to the seasonal nature of this crop. Year-on-year over the first six months, crude palm oil production dropped by 2.9%. This

decline is attributable to the difficulties experienced by operators in the sector in obtaining supplies of palm nuts from village producers.

Cotton fibre

Cotton fibre production dropped by 49.5% in the second quarter of 2023 compared to the previous quarter, due to the plant's vegetative cycle and the end of the season in May. Over the first six months of 2023 and year-on-year, cotton production was virtually stable. Soaring input prices and obsolete production equipment remain the main difficulties facing the sector.

Rubber

Rubber production rose by 31.1% compared to the previous quarter. In the first semester of 2023, and year-on-year, production increased by 3.9%. The improvement in production is linked to favourable weather conditions and strong demand in this sector, against a backdrop of recovering demand, particularly in Europe, America and Asia.

Banana

Banana production dropped by 16.4% in the second quarter of 2023 compared to the previous quarter. Over the period from January to June 2023, banana production dropped by 5.9% year-on-year. These developments are attributable to poor weather conditions, with increasingly harsh seasons as a result of climate change, and soaring input prices on the international market.

Table 5 : Production growth rates of some primary speculations

| Products | 2 nd Qtr2023/ 1 st Qtr 2023 | 2 nd Qtr 2023/ 2 nd Qtr 2022 | 1 st Term 2023/ 1 st Term 2022 |
|----------------|---|--|--|
| Rubber | 31.1 | 10.8 | 3.9 |
| Banana | -16.4 | -13.7 | -5.9 |
| Cotton fibre | -49.5 | - | -0.7 |
| Crude palm oil | -43.9 | -2.3 | -2.9 |

Source : DF/MINFI business survey

Secondary sector

The **Secondary** sector recorded a 4.3% drop in sales in the second quarter of 2023 compared to the previous quarter. In the first semester of 2023, year-on-year sales increased by 5.8%, driven by the “manufacture of grain mill products and starch products” (+7.6%),

“manufacture of beverages” (+6.6%), “manufacture of wood products excluding furniture” (+19.7%), “manufacture of basic metals and fabricated metal products” (+17.2%) and “production and distribution of electricity and energy carriers” (+4.7%) sectors, among others. In contrast, the contraction in activity in

the “manufacture of paper and paper products, printing and related activities” (-51.6%), “cocoa, coffee, tea and sugar industry” (-29.7%) and “oilseed and animal feed industry” (-4.5%) sectors helped to slow overall growth. Rising energy costs, particularly for fuel at the pump and electricity, disruptions in national and international supply circuits, and difficulties linked to transport infrastructure, mainly roads, continue to have a negative impact on activity in the sector.

In the second quarter of 2023, compared to the previous quarter, activity in the **agri-food industries** declined. This situation is attributable in particular to the drop in production in the “Beverages industry” (-6.0%), “Cocoa, coffee, tea and sugar industries” (-92.0%) and “Oilseed and animal feed industries” (-13.8%).

In the first semester and year-on-year , activity was buoyant, driven by an increase in production in the “Manufacture of grain mill products and starch products” (+7.6%), “Manufacture of beverages” (+6.6%) and “Manufacture of cereal-based products” (+4.0%) sectors. Conversely, the Cocoa, Coffee, Tea and Sugar industries (-29.7%), the Oilseed and Animal Feed industries (-4.5%) and the Production, Processing and Preservation of Meat, Fish and Fishery Products industries (-3.7%) slowed overall growth. By branch of activity, the following trends can be observed:

In the “**industries producing, processing and preserving meat, fish and fishery products**”, meat production dropped by 6.7% in the second quarter of 2023, compared to the previous quarter. In the first semester of 2023, year-on-year, dropped by 3.7%, due to the deterioration of pasture land. Year-end forecasts are for meat production to remain virtually stable.

In the “**grain milling and starch products**” sector, flour production drops by 3.1%. In contrast, in the first semester of 2023, flour production rose by 26.6%, due to the increase in production capacity and the anticipated availability of wheat in the international market, which led to a drop in wheat prices.

In the “**cocoa, coffee, tea and sugar industries**”, production in the branch dropped by 92.0% in the second quarter of 2023

compared to the previous quarter, due to the 97.5% drop in sugar production and the 34.7% drop in chocolate production. The second quarter corresponds to the end of the sugar production campaign at SOSUCAM, the main operator in the branch. Over the first six months of 2023 and year-on-year, production in the sector dropped by 29.7%. This decline is due to the financial difficulties experienced by SOSUCAM, whose production is down by 32%. At the end of the year, the sector's production would drop by 7.3%.

In the second quarter of 2023, **cocoa mass** production increased by 2.7% compared to the previous quarter, while **cocoa butter** production decreased by 1.0%. In the first semester of 2023 and year-on-year, cocoa mass production increased by 14.6%, in line with the increase in orders, while cocoa butter production decreased by 2.1%. Year-end projections forecast production drops of 1% for cocoa mass and 1.8% for cocoa butter. **Tea** production increased by 79.8% in the second quarter of 2023. Compared to the second quarter of 2022, it was up by 26.9%, due to the resumption of activities at the NDU site and favourable weather conditions. In the first six months of 2023, tea production decreased by 5.2% year-on-year . Over the year 2023, it is projected to be on the rise by 8.7% compared to 2022.

In the “**oilseed and animal feed industries**”, production dropped by 13.8% in the second quarter of 2023 compared to the previous quarter, driven among other things by an 11.3% drop in the production of refined oils. In the first semester of 2023 and year-on-year, the branch production fell by 4.5%, attributable to a 6.1% drop in the production of refined oils, due to insufficient supply of crude palm oil, the raw material used in the production of refined oils. At the end of the year, production in the branch would drop by 5.1%.

In the “**manufacture of cereal-based products**” branch, production of biscuits and pasta dropped by 2.8% in the second quarter of 2023, compared to the previous quarter. Over the first six months of 2023 and year-on-year, it increased by 4.0%. The rise in demand and the investments made to improve production capacity and acquire distribution equipment contributed to the good performance of the

business. At the end of the year, production is estimated to have risen by 13.3%.

Production in the **“Beverage Industries”** recorded a drop of 6.1% in the second quarter of 2023 compared to the previous quarter, due to the seasonality of sales. In the first half of 2023 and year-on-year, production in the branch rose by 4.4%, due to market growth and the construction of new distribution centres. By the end of 2023, production is expected to increase by 2.0%.

In the second quarter of 2023, production trends in **“other manufacturing industries”** dropped compared to the previous quarter. This drop is attributable to the contraction in production in the branches "Textile and clothing industries" (-57.3%), "Manufacture of chemicals and chemical products" (-11.6%), "Manufacture of other non-metallic mineral products and construction materials" (-5.6%) and "Manufacture of basic metals and fabricated metal products (except machinery and equipment)" (-13.9%).

Over the first six months of 2023, production in the **“other manufacturing industries”** is dynamic, driven by the sectors "Manufacture of wood products except furniture" (+19.7%), "Manufacture of basic metals and fabricated metal products (except machinery and equipment)" (+17.2%) and "Manufacture of textiles and clothing" (+4.6%).

In the **“Textile and clothing industries”**, production dropped by 57.3% in the second quarter of 2023 compared to the previous quarter, when there was a boom due to the International Women’s Day festivities. In the first semester of 2023, year-on-year, production rose by 4.6%, reflecting the increase in orders. At the end of the year, production should be virtually stable. CICAM continues to face technical and financial difficulties.

Production in the **“Wood industries excluding furniture manufacturing”** increased by 9.8% in the second quarter of 2023. From January to June 2023 and year-on-year, it increased by 19.7%, due to the rise in orders. At the end of the year, production is expected to be 9.6%

higher than in 2022.

In the **“Manufacture of paper and paper products; printing press and related activities”** branch, production rose by 71.2% in the second quarter of 2023, compared to the previous quarter, due to the increase in the production of cement bags (+33.1%) and the recovery in the production of notebooks (+95.3%). In the first semester of 2023 and year-on-year, the branch production dropped by 51.6%, due to financing difficulties and disruptions in raw material supply chains, particularly paper pulp. At the end of the year, production should be virtually stable.

In the **“Chemical industries and manufacture of chemical products”** branch, production dropped by 3.4% in the second quarter of 2023, compared to the previous quarter, due to lower production of fatty acids and medical gas. However, soap production rose by 1.4%. In the first semester of 2023, and year-on-year, production in the sector will increase by 2.6%, driven by production increases in nitrogen (23.5%) and fatty acids (4.1%). Increased demand and the prospect of better availability of crude palm oil could support activity in the sector. At the end of the year, the branch production is expected to increase by 2.8%,

In the **“Production of rubber and manufacture of rubber products”** branch, production rose by 33.7% in the second quarter of 2023 compared to the previous quarter. Year-on-year, it increased by 11.7%, mainly due to the 10.8% rise in natural rubber production. In the first semester of 2023, production increased by 3.9% year-on-year, driven by a 15.5% increase in production by CDC. By the end of the year, production in the branch is expected to increase by 33.6%.

In the **“Manufacture of other non-metallic mineral products”** branch, cement production dropped by 5.6% in the second quarter of 2023 compared to the previous quarter, due to the underperformance of the leaders (Cimencam and Dangoté). In the first semester and year-on-year, cement production was virtually stable. By the end of the year, production in the branch is expected to have risen by 1.7%. Clinker imports rose by 16% year-on-year over the first three months of 2023.

Activity in the “**manufacture of basic metals and fabricated metal products (except machinery and equipment)**” branch recorded a 13.9% drop in production compared to the previous quarter, due to falls in aluminium and aluminium strip production of 40.1% and 7.7% respectively. Over the first six months of 2023 and year-on-year, the branch activity increased by 17.2% due to the re-start of several vats. At the end of the year, production in the sector is expected to increase by 35.2%.

In the “**Production and distribution of electricity**” branch, electricity production is made up of production from the dams and power stations managed by Eneo, and the production it buys back from independent operators. The production generated by Eneo represents about 70% of overall production and that purchased from independent operators 30%.

In the second quarter of 2023, electricity generation and distribution dropped by 0.9% compared to the first quarter. Year-on-year, it increased by 7.8%. In the first half of 2023 and year-on-years, it increased by 4.7%, supported by the commissioning of the plant at the foot of the Lom-pangar dam and the development and exploitation of new energy sources.

In the “**Water production and distribution and waste water treatment**” branch, the waste collection segment remained stable in the second quarter of 2023 compared to the previous quarter. In the first half of 2023, year-on-year, the quantity of household waste collected increased by 8.8%.

In the **forestry and logging sector**, sawn timber production increased by 24.9% in the second quarter of 2023 compared to the previous quarter. Year-on-year, it rose by 3.2% in the first semester of 2023.

Tertiary sector

In the second quarter of 2023, tertiary sector sales increased by 1.5% compared to the previous quarter. In the first half of 2023 and year-on-year, sales rose by 3.1%, driven by the resilience of the “Trade and repairs” (+3.4%), “Information and telecommunications” (+8.4%) and “Transport and storage” (+7.5%) branch. The 6.7% drop in sales in the “Hotels and Restaurants” branch dampened the overall trend.

In the “**Information and Telecommunications**” branch, sales increased by 1% in the second quarter compared to the previous quarter. Over the first six months of 2023 and year-on-year, revenues rose by 8.4%, reflecting, among other things, improved network coverage, greater use of internet and mobile money services and an increase in the number of promotional offers. The number of subscribers rose by 7.4%.

Sales in the “**Hotels and Restaurants**” branch dropped by 5.8% in the second quarter of 2023 compared to the previous quarter, due to the drop in sales after the festive season. In the first semester of 2023, and year-on-year, sales dropped by 6.7%, due to the return to normal business levels after the African Cup of Nations held in 2022.

Sales in the “**Trade and repairs**” branch dropped by 2.4% in the second quarter of 2023 compared to the first quarter of the same year, due to the drop in activities in the primary sector. The drop in sales, linked to inflation, would also explain this trend. Over the first six months of 2023 and year-on-year, sales increased by 3.4%.

In the “**Transport and Warehousing**” branch, sales increased by 13.5% in the second quarter of 2023 compared to the previous quarter. In the first half of 2023, and year-on-year, sales rose by 7.5%, mainly as a result of higher prices for urban and inter-urban transport, freight and increased traffic in the various sub-branches.

For **Maritime Transport**, sales and overall traffic increased by 12.8% and 1.5% respectively in the second quarter of 2023 compared to the previous quarter. The increase in overall traffic was driven by a 2% rise in the tonnage of imported goods. Conversely, the tonnage of goods for export dropped by 0.7%. Over the first six months of the year, sales increased by 3.7%. Import freight traffic increased by 11.3%, while export freight traffic dropped by 5.5%.

In the **Rail Transport** branch, sales increased by 16.4% in the second quarter of 2023 compared to the previous quarter. The good level of activity is attributable to the combined effect of the 11.3% increase in the tonnage of goods transported and the 11.8% increase in

passenger traffic. From January to June 2023 and year-on-year, sales increased by 9.5%, due to the increase in the tonnage-per-kilometre rate for freight transported since 1st March 2023.

Air transport sales increased by 15.3% in the second quarter of 2023 compared to the

previous quarter. This growth was mainly due to an increase in passenger transport. Over the first six months of the year, sales dropped by 9.3%, due to the return to normal activity following the organisation of the AFCON in the first quarter of 2022.



EXTERNAL SECTOR

Balance of payments: Current account deficit widens year-on-year

Current account

In the second quarter of 2023, compared to the previous quarter, the current account deficit narrowed by 211.1 billion to 237.1 billion. This was mainly due to the reduction in the goods and primary income deficits. Conversely, the services deficit widened and the secondary income surplus dropped.

The goods deficit reduced from 274.5 billion in 2020 to 94.1 billion. This trend is the result of a

57.6 billion rise in fob export receipts and a 216.9 billion drop in fob import expenditure.

The services deficit deteriorated by 45.7 billion to 132.5 billion, mainly as a result of the deterioration in the transport deficit and the drop in the travel sector surplus. The deterioration in the transport deficit was due to higher spending on the “passengers” category. The primary income deficit declined by 26.5 billion to 115.6 billion, mainly as a result of the reduction in interest payments on external public debt. The surplus on secondary revenues dropped from 149.3 billion to 105.1 billion.

Table 6 : Balance of payments (in billions)

| HEADING | 2 nd Qtr 2022. | 1 st Qtr 2023. | 2 nd Qtr 2023* | Variations | |
|---|------------------------------|------------------------------|------------------------------|--------------|---------------|
| | (a) | (b) | (c) | (c)-(b) | (c)-(a) |
| I- CURRENT BALANCE | -30.2 | -448.2 | -237.1 | 211.1 | -206.8 |
| 1 - Balance of Goods | 70.9 | -368.7 | -94.1 | 274.5 | -165.1 |
| 2 - Balance of services | -45.6 | -86.8 | -132.5 | -45.7 | -86.8 |
| 3- Primary income balance | -169.2 | -142.1 | -115.6 | 26.5 | 53.7 |
| 4- Secondary income balance | 113.7 | 149.3 | 105.1 | -44.2 | -8.6 |
| II- EXTERNAL FUNDING | 223.8 | 281.2 | 453.9 | 172.7 | 230.1 |
| 1- Private non-banking sector | -1.7 | 195.1 | 154.5 | -40.6 | 156.2 |
| Foreign Direct Investment (FDI) | 91.9 | 243.7 | 103.6 | -140.1 | 11.7 |
| Portfolio Investments and Financial Derivative Products | 23.8 | -23.7 | 0.7 | 24.4 | -23.1 |
| Net drawings (excluding FDI and FPI) | -117.4 | -24.9 | 50.2 | 75.1 | 167.6 |
| 2- Public administration | 294.6 | -6.5 | -1.5 | 4.9 | -296.1 |
| Project grants (including C2D) | 43.6 | 0.0 | 13.1 | 13.1 | -30.5 |
| Net drawings on bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net drawings (excluding treasury bonds) | 251.0 | -6.5 | -14.6 | -8.2 | -265.7 |
| 3- Money creating banks | -69.1 | 92.6 | 300.9 | 208.3 | 370.0 |
| III- ERRORS AND OMISSIONS | 8.3 | 16.4 | 22.4 | 6.0 | 14.1 |
| IV- OVERALL BALANCE | 201.9 | -150.6 | 239.2 | 389.8 | 37.3 |

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

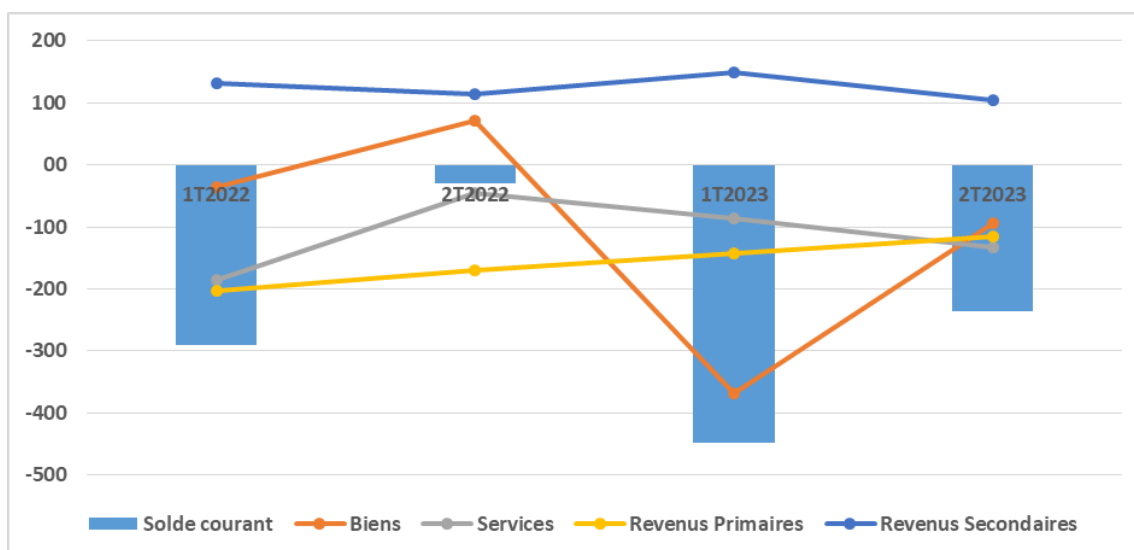
Year-on-year, the current account deficit widened by 206.8 billion, mainly due to the deterioration in the goods and services balances. The primary income deficit and secondary income surplus narrowed.

The deterioration in the goods balance results from the increase in fob import expenditure (+139.2 billion), coupled with the decrease in fob export receipts (-25.9 billion). The deterioration

in the services deficit is attributable to the increase in freight expenditure, technical assistance to enterprises and the deterioration in the insurance deficit.

The primary income deficit declined by 53.7 billion, mainly as a result of the drop in the dividends paid by the local subsidiaries of foreign companies. The surplus on secondary income dropped by 8.6 billion.

Graph 3: Evolution of the main current account balances (in billions)



Source : MINFI/DF

External financing

In the second quarter of 2023 and compared with the previous quarter, external financing was characterised by net inflows of 453.9 billion, after 281.2 billion. This development results mainly from the increase in net inflows from the banking sector (+208.3 billion) and net inflows from the administration (+4.6 billion). Conversely, the non-banking private sector recorded a drop in net inflows of 40.6 billion.

Year-on-year, external financing increased by 230.1 billion. This development is driven by the increase in net drawings from the non-banking

private sector (+156.2 billion), as well as net inflows from the banking sector (+370 billion). It is mitigated by the 296.1 billion drop in net drawings from the administration.

The overall balance resulting from all foreign transactions during the second quarter of 2023 is in surplus of 239.2 billion, against a deficit of 150.6 billion in the previous quarter. This development results from an increase in external financing greater than the worsening of the current deficit. Year-on-year, the overall balance surplus improved by 37.3 billion.

Table 7 : Balance of payments 1st Qtr2022, 4th Qtr2022 and 1st Qtr2023 (in billions)

| HEADINGS | 2 nd | 1 st | 2 nd | Changes | |
|---|-----------------|-----------------|-----------------|-----------|-----------|
| | Qtr2022** | Qtr2023** | Qtr2023* | (c) - (b) | (c) - (a) |
| | (a) | (b) | (c) | | |
| I- CURRENT BALANCE (Public transfers included) | -30,2 | -448,2 | -237,1 | 211,1 | -206,8 |
| CURRENT BALANCE (Public transfers excluded) | -51,9 | -450,9 | -249,8 | 201,1 | -197,8 |
| 1- Balance of goods | 70,9 | -368,7 | -94,1 | 274,5 | -165,1 |
| FOB exports of goods | 1001,9 | 918,4 | 976,0 | 57,6 | -25,9 |
| of which FOB customs exports | 840,2 | 763,8 | 811,9 | 48,1 | -28,3 |
| FOB imports of goods | -931,0 | -1287,1 | -1070,1 | 216,9 | -139,2 |
| of which CIF customs imports | -1017,4 | -1336,4 | -1125,8 | 210,7 | -108,4 |
| 2- Balance of services | -45,6 | -86,8 | -132,5 | -45,7 | -86,8 |
| Transportation | -101,1 | -91,8 | -94,3 | -2,5 | 6,8 |
| Insurance | -9,1 | -15,7 | -13,5 | 2,2 | -4,4 |
| Travel | -22,2 | 34,7 | 33,5 | -1,2 | 55,7 |
| Other services | 86,7 | -13,9 | -58,2 | -44,2 | -144,9 |
| Including technical assistance and miscellaneous services | -21,1 | -31,3 | -31,5 | -0,1 | -10,4 |

| HEADINGS | 2 nd | 1 st | 2 nd | Changes | |
|--|-----------------|-----------------|-----------------|-----------|-----------|
| | Qtr2022** | Qtr2023** | Qtr2023* | (c) - (b) | (c) - (a) |
| | (a) | (b) | (c) | | |
| 3- Balance of primary income | -169,2 | -142,1 | -115,6 | 26,5 | 53,7 |
| Recipes | 19,9 | 21,8 | 32,9 | 11,0 | 12,9 |
| Expenses | -189,2 | -163,9 | -148,4 | 15,5 | 40,7 |
| Employee remuneration | -2,8 | -6,7 | -10,2 | -3,5 | -7,4 |
| Direct investments | -156,6 | -105,0 | -100,4 | 4,6 | 56,2 |
| Portfolio investments | -0,4 | -0,8 | -7,0 | -6,2 | -6,6 |
| Other investments | -29,4 | -51,4 | -30,8 | 20,6 | -1,4 |
| Including interest on external public debt | -29,2 | -50,5 | -30,2 | 20,3 | -1,0 |
| 4- Balance of secondary income | 113,7 | 149,3 | 105,1 | -44,2 | -8,6 |
| II- FINAL CAPITAL & OPERATIONS ACCOUNT. | 223,8 | 281,2 | 453,9 | 172,7 | 230,1 |
| 1- Capital account | 53,1 | 7,0 | 20,5 | 13,5 | -32,6 |
| Public administrations | 43,6 | 0,0 | 13,1 | 13,1 | -30,5 |
| including: donations (HIPC, C2D, MDRI) | | | | 0,0 | 0,0 |
| Other sectors | 9,6 | 7,0 | 7,4 | 0,4 | -2,2 |
| 2- Financial operations account | 170,7 | 274,2 | 433,4 | 159,2 | 262,7 |
| Direct Investments | 91,9 | 243,7 | 103,6 | -140,1 | 11,7 |
| Outgoing | 24,7 | -0,1 | 0,0 | 0,1 | -24,7 |
| Portfolio investments | 23,8 | -23,7 | 0,7 | 24,4 | -23,1 |
| Commitments (decrease -) | -6,2 | -0,7 | 0,0 | 0,7 | 6,2 |
| Other Investments | 54,9 | 54,2 | 329,0 | 274,9 | 274,1 |
| Public administrations | 251,0 | -6,5 | -14,6 | -8,2 | -265,7 |
| of which Commitments | 251,0 | -6,5 | -14,6 | -8,2 | -265,7 |
| - Drawings | 336,4 | 186,0 | 72,7 | -113,3 | -263,7 |
| - Depreciation | -85,4 | -192,5 | -87,3 | 105,1 | -2,0 |
| Banks and Financial Institutions | -69,1 | 92,6 | 300,9 | 208,3 | 370,0 |
| Assets (decrease +) | -111,3 | -245,9 | 276,1 | 521,9 | 387,4 |
| - Deposits | -25,9 | -259,9 | 231,4 | 491,2 | 257,3 |
| - Other assets | -85,3 | 14,0 | 44,7 | 30,7 | 130,0 |
| Commitments (decrease -) | 42,1 | 338,5 | 24,8 | -313,6 | -17,3 |
| -Deposits | 38,1 | 242,4 | 51,6 | -190,8 | 13,5 |
| -Other Commitments | 4,0 | 96,1 | -26,7 | -122,8 | -30,8 |
| Private non-banking | -127,0 | -32,0 | 42,8 | 74,7 | 169,8 |
| Assets (decrease +) | -348,7 | 82,1 | 19,5 | -62,6 | 368,2 |
| III- ERRORS AND OMISSIONS | 8,3 | 16,4 | 22,4 | 6,0 | 14,1 |
| IV- OVERALL BALANCE | 201,9 | -150,6 | 239,2 | 389,8 | 37,3 |
| V- FINANCING | -201,9 | 150,6 | -239,2 | -389,8 | -37,3 |

Source : MINFI/DF ; * Estimates; **Data updated

Foreign trade

Trade deficit with Gabon: need to improve the palm oil production system in Cameroon

The recent political situation in Gabon calls into question the need to improve the crude palm oil production system in Cameroon.

For more than 5 years, Cameroon's trade balance with Gabon has been deteriorating. Between 2018 and 2020, the trade balance which was in surplus with Gabon gradually deteriorated, becoming a deficit since 2021. In 2022, the deficit amounts to 36.9 billion, resulting from 21.2 billion in exports and of 58 billion in imports. In the first half of 2023, this deficit was expected to stand at 37.7 billion.

Table 8 : Evolution of Cameroon-Gabon bilateral trade from 2018 to 2022

| | | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--|-------------|-------------|-------------|-------------|--------------|
| Exports (value in billions) | | 17,9 | 19,8 | 22,2 | 17,4 | 21,2 |
| Main goods exported (as a % of total exports to Gabon) | Packaging articles, made of plastic materials | 8,7 | 11,3 | 11,4 | 11,8 | 13,2 |
| | Chocolate and other food preparations containing cocoa | 12,2 | 11,5 | 10,8 | 11,0 | 12,2 |
| | Aluminium sheets and strips, with a thickness exceeding 0.2 mm | 11,5 | 10,5 | 7,9 | 11,4 | 11,3 |
| | Soup or broth preparations and prepared soups or broths | 8,4 | 8,7 | 9,3 | 8,1 | 8,9 |
| | Packaging articles, ampoules and other containers, of glass | 13,1 | 10,0 | 9,8 | 9,2 | 7,9 |
| Imports (value in billions) | | 5,3 | 9,3 | 15,0 | 23,0 | 58,0 |
| Main imported goods (as a % of total imports from Gabon) | Crude palm oil | 86,0 | 91,8 | 94,1 | 91,4 | 95,9 |
| Trade balance (value in billions) | | 12,6 | 10,5 | 7,1 | -5,5 | -36,9 |

Source : MINFI/DF

This gradual deterioration of Cameroon's trade balance with Gabon is mainly explained by the increase in purchases of crude palm oil (85% of Cameroon's imports from Gabon), in a context of rising prices of this product. The price evolution is as a result of:

- (i) global geopolitical crises and unfavourable climatic conditions in exporting countries;
- (ii) the increase in Cameroonian external demand for crude palm oil due to the low domestic supply, and favourable transport conditions with Gabon. Indeed, oscillating between 350,000 and 450,000 tonnes each year, national production struggles to meet the demand for crude palm oil estimated at around 600,000 tonnes per year. Faced with this deficit, the Government grants import authorizations to certain manufacturers. A few years ago, these imports mainly came from Asia. The choice increasingly

focused on African countries, notably Gabon (52% of palm oil imports) and Liberia (25%) as suppliers is justified by the reduction in freight and import duties.

Table 9 : Main suppliers of crude palm oil in Cameroon to 2021 and 2022.

| Country of origin of crude palm oil | As a % of total crude palm oil imports | |
|--|---|-------------|
| | 2021 | 2022 |
| Gabon | 43,7 | 50,8 |
| Liberia | 34,2 | 29,7 |
| Malaysia | 3,3 | 6,1 |
| Cote d'Ivoire | 14,0 | 6,0 |
| Indonesia | 1,0 | 2,6 |

Source : MINFI/DF

PUBLIC FINANCES

The execution of the State budget in the second quarter and at the end of the first half of 2023, compared to the same periods of the 2022 fiscal year, shows: (i) a drop in total resources, attributable to that of loans and grants, and (ii) an increase in total expenditure, attributable to that of current expenditure.

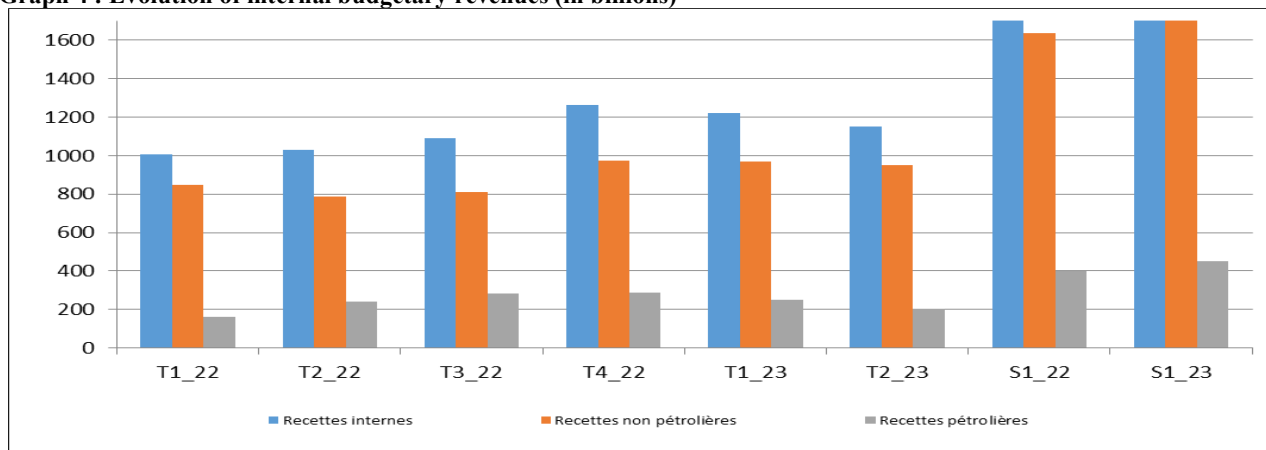
Budgetary resources: decline in total resources attributable to loans and grants

Total budgetary resources collected during the second quarter of 2023 amounted to 1,291.4 billion,

down by 177.6 billion year-on-year. They include 1,153.2 billion in internal revenue and 138.2 billion in loans and grants.

Internal budgetary revenues increased by 12%, due to the increase in non-oil revenues (+20.3%). Oil revenues, for their part, decreased by 36.1 billion and amounted to 204.2 billion. This decrease is the result of a 53.9 billion reduction in the NHC royalty which stood at 135.5 billion, and a 17.9 billion increase in the tax on oil companies which amounted to 68.6 billion.

Graph 4 : Evolution of internal budgetary revenues (in billions)



Source : MINFI/DF

Non-oil revenues amounted to 949 billion, up by 160.1 billion. The evolution of the main sections is as follows: tax revenues stood at 604.6 billion, an increase of 87.5 billion; customs revenues amounted to 257.2 billion, an increase of 34.5 billion; non-tax revenues amounted to 86.4 billion and increased by 37.4 billion. SAA revenues stood at 0.7 billion in the second quarter of 2023.

Loans and grants mobilized during the second quarter of 2023, amounting to 138.2 billion, were down by 301.6 billion at an annual rate. They include 76 billion in project loans, 4.9 billion in

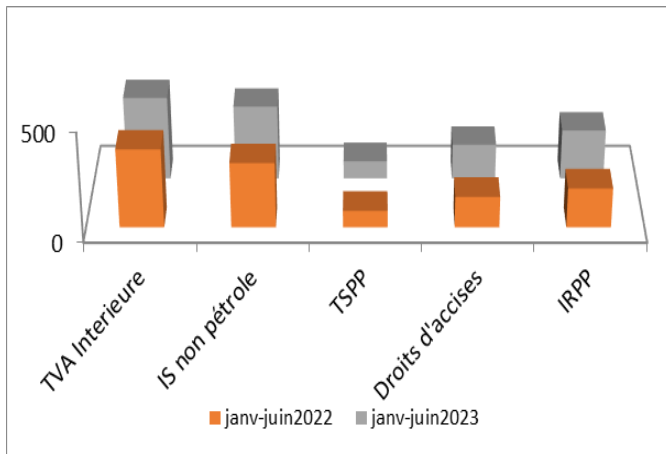
grants and 57.2 billion in net issues of government securities.

Over the first half of 2023, the achievements of total budgetary resources stands at 2,670.5 billion. They show a decrease of 36.3 billion compared to the first half of 2022. This decrease is mainly observed in loans and grants.

Internal budgetary revenues collected amounted to 2,372 billion, an increase of 335.1 billion compared to the same period of the previous year. This increase is observed both in oil revenues and in non-oil revenues.

Graph 5: Evolution of the main components of tax revenue (in billions)

Graph 6: Evolution of the main components of customs revenue (in billions)

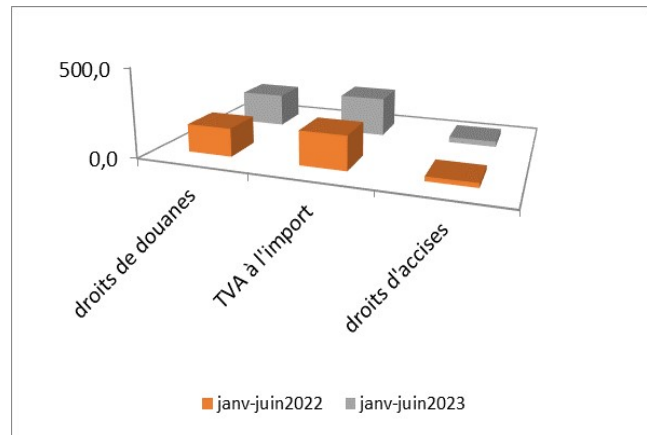


Source : MINFI/DF

Oil revenues amounted to 453.3 billion, an increase of 51.4 billion, mainly due to the increase in world oil prices and the appreciation of the dollar compared to the Euro. They include 351.3 billion in NHC oil royalties and 102 billion in tax on oil companies.

Non-oil revenues increased from 1,635.1 billion at the end of June 2022 to 1,918.8 billion at the end of June 2023, an increase of 283.7 billion. The evolution and achievements of the main components of non-oil revenues are given below.

Tax revenues amounted to 1,303.6 billion, an increase of 152.3 billion. This increase resulted from the increase: in the PIT (+46.1 billion); tax on non-oil companies (+40.9 billion); registration and stamp duties (+22 billion); VAT (+19.1 billion); excise duties (+17.7 billion); and the STPP (+5 billion).



Source : MINFI/DF

Customs revenues amounted to 484.4 billion compared to 401.2 billion at the end of June 2022, an increase of 83.3 billion, attributable to the increase in all items: VAT on imports (+31.7 billion); customs duties on imports (+30.4 billion); excise duties on imports (+5.8 billion) and exit duties (+4.3 billion).

Non-tax revenue increased by 42.8 billion and stood at 125.4 billion. SAA revenues stood at 5.4 billion.

Loans and grants stood at 298.5 billion compared to 669.9 billion, a decrease of 371.4 billion. This decline is attributable to that of issues of government securities (-212.6 billion), project loans (-149.0 billion) and grants (-54.7 billion).

Table 10: Budgetary revenue (in billions)

| REVENUE HEADING | 2nd Qtr 2022 | 2nd Qtr 2023 | Jan-June 2022 | Jan-June 2023 | Relative changes (%) | | absolute changes | |
|--|--------------|--------------|----------------|----------------|----------------------|-------------|------------------|--------------|
| | (a) | (b) | (c) | (d) | (b/a) | (d/c) | (b/a) | (d/c) |
| A- DOMESTIC BUDGETARY REV. | 1,029.2 | 1,153.2 | 2,036.9 | 2,372.0 | 12.0 | 16.5 | 124.0 | 335.1 |
| I-Oil revenue | 240.3 | 204.2 | 401.9 | 453.3 | -15.0 | 12.8 | -36.1 | 51.4 |
| 1-NHC royalties | 189.5 | 135.5 | 334.9 | 351.3 | -28.5 | 4.9 | -53.9 | 16.3 |
| 2- Oil CT | 50.8 | 68.6 | 66.9 | 102.0 | 35.2 | 52.4 | 17.9 | 35.1 |
| II- Non-oil revenue | 788.9 | 949.0 | 1,635.1 | 1,918.8 | 20.3 | 17.4 | 160.1 | 283.7 |
| 1- Tax revenue | 739.9 | 861.9 | 1,552.5 | 1,788.0 | 16.5 | 15.2 | 122.0 | 235.6 |
| a- Revenue from taxes and duties. | 517.1 | 604.6 | 1,151.3 | 1,303.6 | 16.9 | 13.2 | 87.5 | 152.3 |
| Including PIT | 95.6 | 132.3 | 180.3 | 226.4 | 38.4 | 25.6 | 36.7 | 46.1 |
| -VAT | 177.6 | 187.2 | 358.8 | 378.0 | 5.4 | 5.3 | 9.6 | 19.1 |
| -Non-oil CT | 82.3 | 94.4 | 296.7 | 337.6 | 14.7 | 13.8 | 12.1 | 40.9 |
| -Excise duties | 68.9 | 78.7 | 141.4 | 159.2 | 14.2 | 12.5 | 9.8 | 17.7 |
| -Registration and stamp duties | 27.2 | 45.6 | 53.5 | 75.5 | 68.0 | 41.2 | 18.5 | 22.0 |
| -STPP | 38.8 | 41.6 | 76.5 | 81.5 | 7.3 | 6.6 | 2.8 | 5.0 |

| | | | | | | | | |
|--|----------------|----------------|----------------|----------------|--------------|--------------|---------------|---------------|
| b- Customs revenue | 222.7 | 257.2 | 401.2 | 484.4 | 15.5 | 20.8 | 34.5 | 83.3 |
| including - import duty | 88.6 | 97.0 | 158.3 | 188.7 | 9.5 | 19.2 | 8.4 | 30.4 |
| VAT import +Exc. du./import | 108.4 | 119.4 | 190.9 | 222.6 | 10.2 | 16.6 | 11.0 | 31.7 |
| - Import excise duty | 13.7 | 16.6 | 25.0 | 30.8 | 21.0 | 23.4 | 2.9 | 5.8 |
| - Exit duties | 10.5 | 13.1 | 20.0 | 24.3 | 25.0 | 21.5 | 2.6 | 4.3 |
| 2- Non-tax revenue | 49.0 | 86.4 | 82.6 | 125.4 | 76.3 | 51.8 | 37.4 | 42.8 |
| 3-SAA revenue | ND | 0.7 | ND | 5.4 | - | - | 0.7 | 5.4 |
| B - LOANS AND GRANTS | 439.8 | 138.2 | 669.9 | 298.5 | -68.6 | -55.4 | -301.6 | -371.4 |
| - Project loans | 253.6 | 76.0 | 343.6 | 194.6 | -70.0 | -43.4 | -177.6 | -149.0 |
| - Grants | 43.6 | 4.9 | 61.7 | 7.1 | -88.7 | -88.6 | -38.6 | -54.7 |
| - Budgetary support | 45.9 | 0.0 | 45.9 | 68.7 | -100.0 | 49.6 | -45.9 | 22.8 |
| - Net government securities issuance | 59.9 | 57.2 | 181.8 | -30.8 | -4.4 | -116.9 | -2.6 | -212.6 |
| - Other borrowings (including PARPAC and SDRs) | 36.8 | 0.0 | 36.8 | 59.0 | -100.0 | 60.0 | -36.8 | 22.1 |
| TOTAL BUDGETARY REVENUE | 1,469.0 | 1,291.4 | 2,706.8 | 2,670.5 | -12.1 | -1.3 | -177.6 | -36.3 |

Source: MINFI/DF

Public expenditure: *increase in total expenditure*

In the second quarter of 2023, total budgetary expenditure based on orders issued amounted to 1,505.4 billion, an increase of 0.6% year-on-year. Current expenditure excluding interest on debt stood at 916.8 billion, up by 28.4%. Personnel costs rose by 36.2 billion to 326.6 billion. Expenditure on goods and services totalled 208.7 billion, including 0.6 billion for SAA expenditure, which fell by 30.8 billion. Transfers and pensions increased by 197.1 billion to 381.5 billion.

Capital expenditure dropped by 55.1% to 203.8 billion. Expenditure on external resources dropped by 69.7% to 81 billion. Expenditure on own resources totalled 122.8 billion, including 1.6 billion on SAA, down by 55.5%. Expenditure on restructuring and rehabilitation was nil,

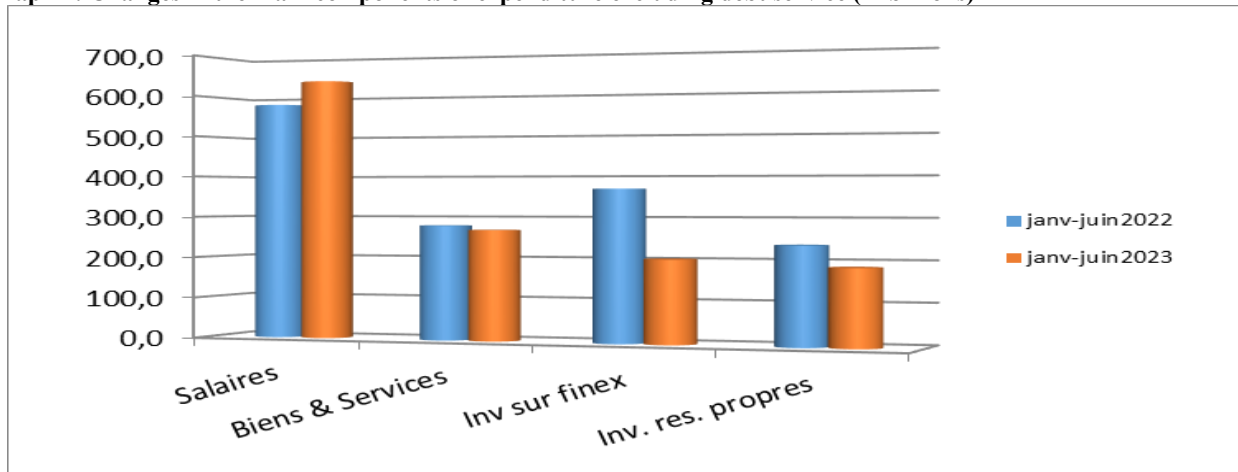
compared with 8.4 billion in the second quarter of 2022.

Public debt service amounted to 306.6 billion, down by 40.6 billion.

External debt servicing amounted to 120.4 billion, including 90.6 billion in amortisation and 29.8 billion in interest. Domestic debt was serviced to the tune of 186.2 billion, including: 12.8 billion in interest; 14.2 billion in amortisation; 21 billion in VAT credit refunds, 138.2 billion in arrears payments from 2022 and earlier.

At the end of June 2023, total budgetary expenditure based on payment orders amounted to 2,852.1 billion against 2,639.6 billion at the end of June 2022, an increase of 212.5 billion. This increase is observed only in current expenditure.

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



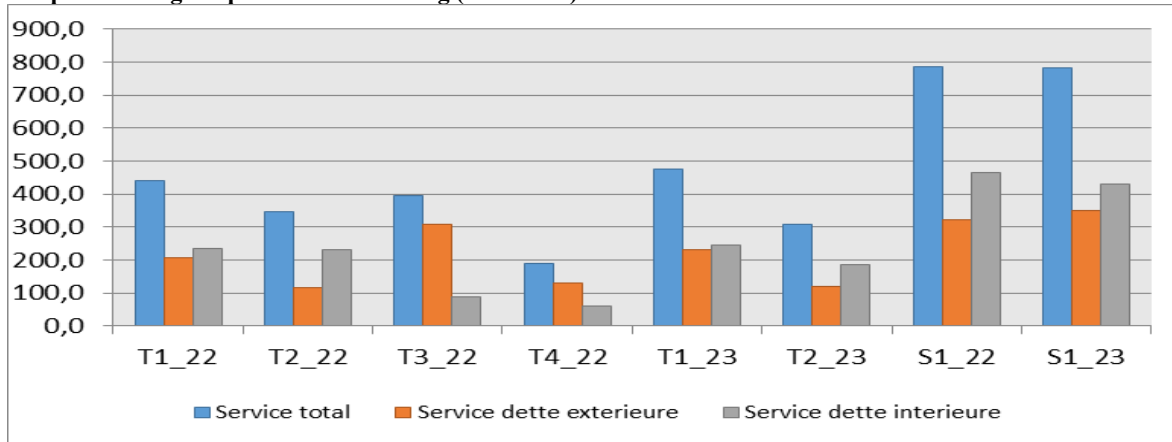
Source: MINFI/DF

Current expenditure excluding interest rose by 265.4 billion to 1,461.8 billion. Personnel expenditure rose by 9.8% to 635.3 billion. Expenditure on goods and services fell by 10.6% to 268.5 billion, including 1 billion for SAA. Expenditure on transfers and pensions totalled 558.1 billion, up by 64.7%.

Capital expenditure amounted to 396.1 billion at the end of June 2023, against 613.9 billion at the end of June 2022, a decrease of 217.8 billion. Capital

expenditure from own resources amounted to 186 billion, including 1.6 billion from SAA, an annual decrease of 50.8 billion. Expenditure on external financing amounted to 201.6 billion, down by 167.1 billion. Restructuring expenditure amounted to 8.5 billion at the end of June 2023, compared with 8.4 billion for the same period in 2022.

Graph 8: Change in public debt servicing (in billions)



Source: MINFI/DF

Actual Public debt servicing amounted to 781.4 billion, down by 6.3 billion (-0.8%). It comprises 350.4 billion in external debt and 431 billion in domestic debt.

Actual external debt servicing increased by 29.2 billion (+9.1%). It includes 83.7 billion in interest and 266.7 billion in principal.

Domestic debt payments fell by 35.5 billion. They include: 18.3 billion in interest; 35 billion in amortisation; 42 billion in VAT credit refunds, 335.7 billion in payments for the 2022 fiscal year and arrears from previous years.

Table 11: Public expenditure (in billions)

| <i>EXPENDITURE HEADINGS</i> | 2nd Qtr 2022 | 2nd Qtr. 2023 | Jan-June 2022 | Jan-June 2023 | <i>Relative changes</i> (%) | | <i>absolute changes</i> | |
|---|-----------------|------------------|------------------|------------------|--------------------------------|---------------|-------------------------|---------------|
| | (a) | (b) | (c) | (d) | (b/a) | (d/c) | (b/a) | (d/c) |
| <i>I-Current expenditure</i> | 714.3 | 916.8 | 1196.4 | 1461.8 | 28.4 | 22.2 | 202.6 | 265.4 |
| Personnel exp. | 290.4 | 326.6 | 578.4 | 635.3 | 12.5 | 9.8 | 36.2 | 56.9 |
| Exp. on goods and services | 239.5 | 208.7 | 279.1 | 268.5 | -12.8 | -3.8 | -30.8 | -10.6 |
| Incl. – SAA | ND | 0.6 | ND | 1.0 | - | - | 0.6 | 1.0 |
| Transfers and pensions | 184.4 | 381.5 | 338.9 | 558.1 | 106.9 | 64.7 | 197.1 | 219.2 |
| <i>II- Capital expenditure.</i> | 453.8 | 203.8 | 613.9 | 396.1 | -55.1 | -35.5 | -250.0 | -217.8 |
| On external funding | 267.2 | 81.0 | 368.8 | 201.6 | -69.7 | -45.3 | -186.2 | -167.1 |
| On own resources. | 178.2 | 122.8 | 236.8 | 186.0 | -31.1 | -21.5 | -55.5 | -50.8 |
| Incl. – SAA | ND | 1.6 | ND | 1.6 | - | - | 1.6 | 1.6 |
| Restructuring expenditure | 8.4 | 0.0 | 8.4 | 8.5 | -100.0 | 1.4 | -8.4 | 0.1 |
| <i>III- Miscellaneous expenditure to be adjusted</i> | -39.7 | 78.2 | 23.3 | 212.8 | -296.8 | 811.6 | 117.9 | 189.4 |
| <i>IV- Net loans (Loans - Repayments)</i> | 20.3 | 0.0 | 18.3 | 0.0 | -100.0 | -100.0 | -20.3 | -18.3 |
| <i>V- Public debt servicing</i> | 347.2 | 306.6 | 787.8 | 781.4 | -11.7 | -0.8 | -40.6 | -6.3 |
| External debt | 114.6 | 120.4 | 321.2 | 350.4 | 5.1 | 9.1 | 5.8 | 29.2 |
| Interests | 29.2 | 29.8 | 69.5 | 83.7 | 2.0 | 20.4 | 0.6 | 14.2 |
| Principal | 85.4 | 90.6 | 251.7 | 266.7 | 6.1 | 6.0 | 5.2 | 15.0 |
| Domestic debt | 232.6 | 186.2 | 466.5 | 431.0 | -19.9 | -7.6 | -46.4 | -35.5 |
| incl – Interest | 8.7 | 12.8 | 20.4 | 18.3 | 46.5 | -10.4 | 4.1 | -2.1 |
| - principal amortization | 97.1 | 14.2 | 115.0 | 35.0 | -85.4 | -69.5 | -82.9 | -80.0 |
| - VAT credit refund | 28.6 | 21.0 | 41.7 | 42.0 | -26.7 | 0.8 | -7.6 | 0.3 |
| - domestic arrears | 98.1 | 138.2 | 289.5 | 335.7 | 40.9 | 16.0 | 40.1 | 46.3 |
| <i>TOTAL BUDGET EXPEND.</i> | 1,495.9 | 1,505.4 | 2,639.6 | 2,852.1 | 0.6 | 8.0 | 9.5 | 212.5 |

Source: MINFI/DF

Budgetary balances and financing flows

At the end of the first half of the 2023 fiscal year, the stock of payment arrears was reduced by 115.4 billion. This reduction is the result of the accumulation of 220.3 billion in new instalments for the 2023 fiscal year, combined with payments of 335.7 billion made on arrears from previous and earlier fiscal years.

The State's operations, reflecting the revenue and grants raised and the expenditure incurred, produced an overall balance of 164.2 billion,

based on orders. The primary balance on a scheduling basis stood at 261.1 billion and the non-oil primary balance at -192.2 billion.

With regard to domestic financing, the Treasury's Net Position vis-à-vis the banking system (NTP) deteriorated by 12.8 billion at the end of June 2023, resulting from an improvement in the position vis-à-vis the BEAC of 88.6 billion combined with a deterioration in the position vis-à-vis commercial banks of 12 billion and the IMF of 64.9 billion.

Table 12: Budget balances (in billions)

| BUDGET BALANCE | End of June 2022 | End of June 2023 |
|---------------------------------------|-----------------------------|-----------------------------|
| <i>OVERALL PRIMARY BALANCE (NET*)</i> | 205.1 | 261.1 |
| <i>NON-OIL PRIMARY BALANCE (NET*)</i> | -196.8 | -192.2 |
| <i>OVERALL BALANCE (NET*)</i> | 114.9 | 164.2 |

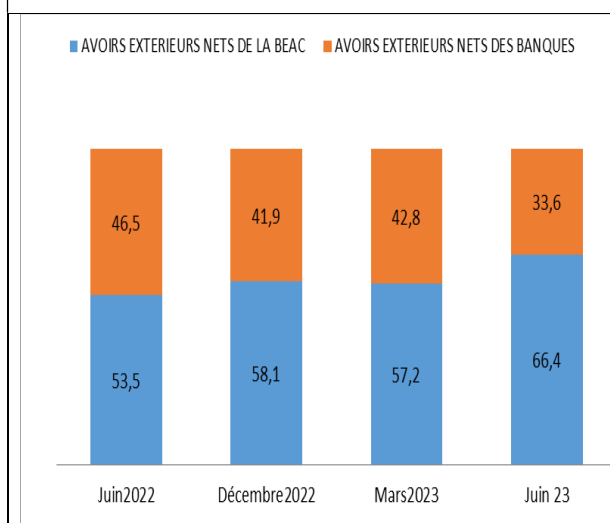
Source: MINFI *Excluding VAT refunds

MONETARY SITUATION

At the end of June 2023, the monetary situation was balanced in terms of resources and uses at 9,840.1 billion, up by 2.9% compared with the end of March 2023. This change is due to the increase in net claims on the State and loans to the economy. Year-on-year, the monetary situation is up by 11.9%.

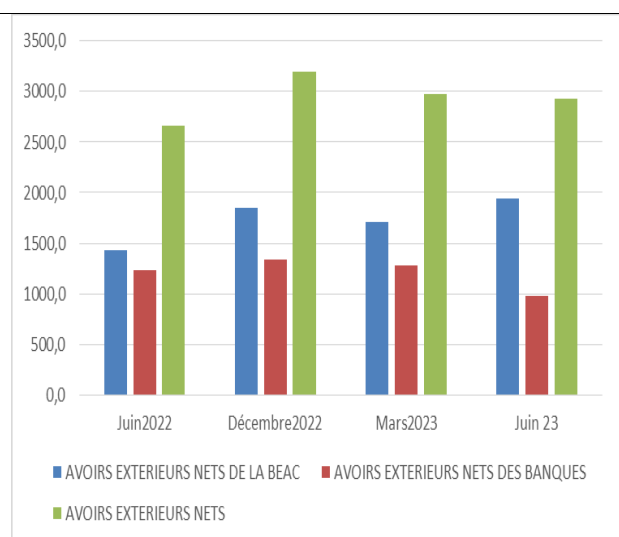
At the end of June 2023, compared with the end of March, net foreign assets fell by 1.8% to 2,924.3 billion, as a result of the 23% contraction in banks' net foreign assets and the 14% rise in BEAC's net foreign assets. The fall in banks' net external assets was due to the decline in the value of commercial banks' investment securities. The increase in the BEAC's net external assets is linked to the increased repatriation of export earnings.

Graph 9: Evolution of component weights net foreign assets (%)



Sources: MINFI/BEAC

Graph 10: Net foreign assets and its components (in billions)



Sources: MINFI/BEAC

At the end of June 2023, domestic credit stood at 6915.7 billion, up by 5.1% compared with the end of March 2023. This trend is attributable to net claims on the State and loans to the economy, which rose by 2.5% and 6.2% respectively.

Net claims on the State increased from 2032 billion at the end of March 2023 to 2083.4 billion at the end of June 2023. On the other hand, the Government Net Position (GNP), assessed on the basis of the difference between the loans granted to the State by BEAC, banks and the IMF, on one hand, and all Government deposits, on the other, stood at 1981.7 billion, down by 3.2% compared with the end of March 2023. This decrease is the result of the stability of the Government's commitments, coupled with the increase in its deposits, both at the Central Bank and in banks.

The GNP vis-à-vis BEAC rose from 66.6 billion to 121.4 billion. On the other hand, the GNP vis-à-vis banks contracted from 858.1 billion to 758.4 billion, in connection with the repayment of government securities issued by the State. The GNP vis-à-vis the IMF fell by 21.7 billion to 1097 billion.

Loans to the economy rose by 6.2%, after 1.3% at the end of March 2023.

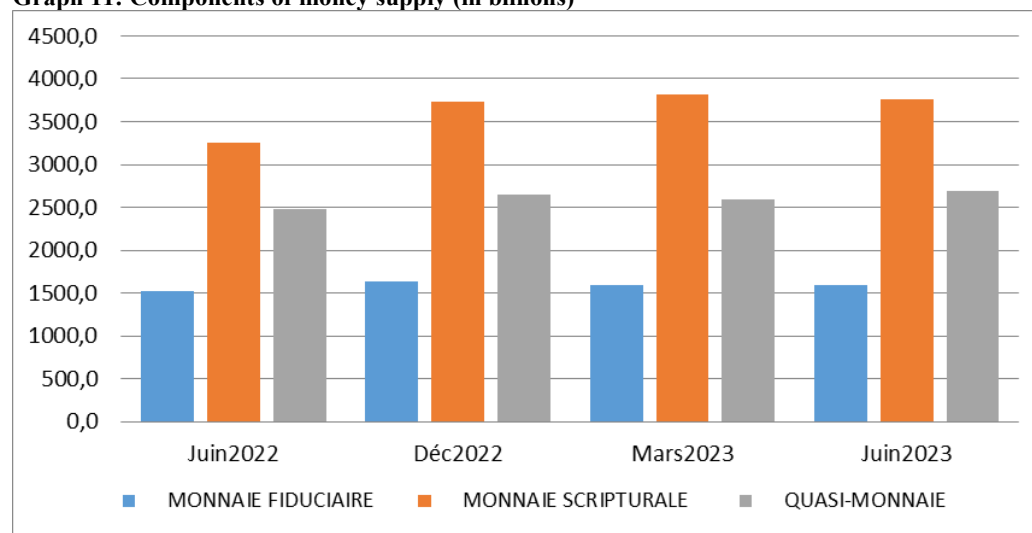
In absolute terms, they stood at 4,832.3 billion, after 4,550.1 billion at the end of March 2023. This trend was driven by loans to the non-financial private sector (+5.7%) and loans to public enterprises (+13.2%).

The breakdown of loans to the economy by maturity shows that short-term loans predominate (51.3%). Medium-term loans accounted for 45.7% and long-term loans 3.0%.

Reflecting changes in its counterparts, money supply (M2) grew by 0.7% to reach 8,049.5 billion at the end of June 2023. It is

made up of 19.8% banknotes and coins, 46.7% cashless money and 33.5% quasi money.

Graph 11: Components of money supply (in billions)



Sources: MINFI/BEAC

Year-on-year, the monetary situation increased by 11.9%, following the rise in all its components. Net foreign assets grew by 9.8%, driven by the BEAC's net foreign assets (+36.3%); banks' net foreign assets fell by 20.7%. Loans to the economy increased by 14.0% and net claims on the State rose by 10.1%.

Reflecting the trend in loans to the State, the GNP increased by 3.5%, as a result of the rise in the GNP vis-à-vis BEAC and the IMF, and the fall in the GNP vis-à-vis banks.

Loans to the economy rose by 14%. This was driven by loans to the non-financial private sector (+14.6%).

The external coverage ratio of the currency, defined as the ratio between gross official foreign currency assets and total Central Bank sight liabilities, is well above the regulatory threshold. It stands at 76% compared with 77.0% at the end of March 2023. The ratio for CEMAC as a whole is 74.5%.

Table 13: Broad monetary position at end-June 2023 (in billions of FCFA)

| | June-22 | Dec-22 | Mar-23 | June-23 | Changes (in %) | |
|--|---------|---------|---------|---------|----------------|-------|
| | a | b | c | D | d/c | d/a |
| TOTAL MONETARY SYSTEM MATCHING RESOURCES | 8,793.9 | 9,817.3 | 9,559.8 | 9,840.1 | 2.9 | 11.9 |
| Net foreign assets | 2,662.7 | 3,194.0 | 2,977.8 | 2,924.3 | -1.8 | 9.8 |
| BEAC's net foreign assets | 1,425.6 | 1,854.1 | 1,703.6 | 1,942.8 | 14.0 | 36.3 |
| incl: Transaction account | 2,496.0 | 2,696.7 | 2,492.1 | 2,536.3 | 1.8 | 1.6 |
| Foreign currency assets | 83.5 | 354.8 | 491.7 | 709.7 | 44.3 | 749.7 |
| Recourse to IMF loans | 763.7 | 793.9 | 818.5 | 803.3 | -1.9 | 5.2 |
| MCBs' net foreign assets | 1,237.1 | 1,339.8 | 1,274.2 | 981.6 | -23.0 | -20.7 |
| Domestic credit (a+b) | 6,131.2 | 6,623.3 | 6,582.1 | 6,915.7 | 5.1 | 12.8 |
| Net receivables from the State (a) | 1,891.5 | 2,133.2 | 2,032.0 | 2,083.4 | 2.5 | 10.1 |
| Government's net position | 1,914.9 | 2,134.2 | 2,047.7 | 1,981.7 | -3.2 | 3.5 |
| Other net government receivables | -23.4 | -59.1 | -15.7 | 101.6 | 747.7 | 534.1 |
| Receivables from the economy (b) | 4,239.6 | 4,490.1 | 4,550.1 | 4,832.3 | 6.2 | 14.0 |
| Banking Institutions in Liquidation | 0.0 | 0.0 | 0.0 | 0.0 | -35.7 | -35.7 |
| Other banking institutions not eligible for BEAC refinancing | 5.3 | 7.6 | 9.6 | 5.3 | -45.3 | -0.7 |
| Non-banking financial institutions | 38.2 | 33.4 | 25.5 | 21.7 | -14.7 | -43.2 |
| Non-Financial Public Enterprises | 452.8 | 442.6 | 453.9 | 514.0 | 13.2 | 13.5 |
| Private non-financial sector | 3743.3 | 4,006.5 | 4,061.1 | 4,291.4 | 5.7 | 14.6 |
| | 0.0 | 0.0 | 0.0 | 0.0 | | |
| TOTAL RESOURCES OF THE MONETARY SYSTEM | 8,793.9 | 9,817.3 | 9,559.8 | 9,840.1 | 2.9 | 11.9 |
| Fiduciary Currency | 1,522.9 | 1,637.6 | 1,596.8 | 1,593.3 | -0.2 | 4.6 |
| Scriptural Currency: | 3,256.3 | 3,729.4 | 3,809.8 | 3,760.7 | -1.3 | 15.5 |
| BEAC | 5.3 | 3.7 | 5.5 | 4.2 | -24.0 | -20.8 |
| Money-Creating Banks | 3,218.6 | 3,693.9 | 3,774.0 | 3,720.1 | -1.4 | 15.6 |
| Other banking institutions eligible for BEAC refinancing | 28.9 | 28.3 | 26.8 | 32.9 | 22.8 | 13.8 |
| Giro Centre (CCP) | 3.5 | 3.5 | 3.5 | 3.5 | 0.0 | 0.0 |
| Cash at bank and in hand | 4,779.1 | 5,367.0 | 5,406.6 | 5,354.0 | -1.0 | 12.0 |
| Quasi-currency | 2,484.0 | 2,643.1 | 2,590.4 | 2,695.5 | 4.1 | 8.5 |
| Money-Creating Banks | 2,452.4 | 2,611.0 | 2,556.8 | 2,661.8 | 4.1 | 8.5 |
| Other banking institutions eligible for BEAC refinancing | 31.6 | 32.1 | 33.6 | 33.7 | 0.5 | 6.9 |
| Cash and cash equivalents | 7,263.1 | 8,010.1 | 7,997.0 | 8,049.5 | 0.7 | 10.8 |
| Other net items | 1,530.7 | 1,807.2 | 1,562.8 | 1,790.5 | 14.6 | 17.0 |

Sources: BEAC/MINFI

Box: The impact of cryptocurrencies and Ponzi schemes on the Cameroon economy

Cryptocurrencies are digital currencies that can be used to purchase goods and services, or make portfolio or FDI investments. They are considered a safe haven, making it possible to hedge against the risk of inflation and collapse of the financial system. Since Russia's invasion of Ukraine, cryptocurrencies have been used as an instrument: (i) to hedge against inflation; (ii) circumventing problems of access to liquidity when bank withdrawals are severely limited; or (iii) facilitating fundraising and international transactions in the face of the slowness and risks of blocking cross-border payments.

Unlike traditional currencies (like the euro and the dollar) which are based on economic activity, cryptocurrencies are created ex nihilo. The latter are based exclusively on self-confidence, because they are based on technologies (blockchain) which claim to replace the work of central banks and other financial intermediaries in terms of management and regulation of transactions. They are also extremely volatile. Cryptocurrencies therefore have the particularity of not being linked to any central bank, escaping the control of states and banks, and of having neither attachment nor reference, nor fundamental value. The creators of this system put agents in need of financing and those in excess of financing into direct contact, without the intervention of a financial intermediary. This system certainly reduces intermediation costs, and is more efficient, fair and transparent, but it has certain limits, making users doubt the veracity of its promise. To date, there are more than 6,000 different cryptocurrencies in active circulation around the world. However, only around twenty of these are used by 90% of the market, with a market capitalization of nearly 1,000 billion dollars, representing, for comparison, more than 22 times the GDP of Cameroon.

Cryptocurrencies are increasingly used by new Ponzi schemes. It should be noted that in a Ponzi scheme, investors are encouraged to invest money in the hope of receiving high returns in the short term. But in reality, returns are financed by funds provided by new investors, not by the company's actual profits. It is therefore a tree system of parties, which ends up exploding when the recruitment of new investors is not sufficient to finance the return expected by those who are already involved. In Cameroon, active Ponzi schemes include LiyepLimal, MILDA and QNET.

Considering the importance of the volume of cryptocurrency transactions in the world, what may be the macroeconomic risks incurred in Cameroon by accepting the use of cryptocurrencies and the Ponzi scheme?

The main channel of risk transmission on the Cameroonian economy is the anchoring of our currency to the euro at a fixed exchange rate, supported by the guarantee of unlimited convertibility into other currencies. The potential macroeconomic risks due to the use of cryptocurrencies and the Ponzi scheme can be analyzed through the four macroeconomic sectors: the real sector, the monetary sector, the external sector and the public sector. In the monetary sector, it is important to note that: (i) bank deposits in Cameroon amount to 7.5 trillion at the end of June 2022 and mainly include household deposits (40%), private companies (30%), central government (8%) and public companies (8%); (ii) household bank assets, estimated at 3,000 billion, allow banks to grant investment credits to businesses. As soon as households decide to buy cryptocurrencies instead of depositing their money in a bank account, the ability of banks to grant credit for investments will decrease and this situation could create Address the effect of crowding out the private sector, with the consequence of increasing the cost of credit, in a context of demand greater than the supply of credit.

Furthermore, it should be noted that cryptocurrencies are instruments for circumventing the exchange regulations in force in the CEMAC zone. Indeed, foreign exchange regulations do not authorize residents (natural persons) to open foreign currency accounts (Art.24.). However, holding cryptocurrencies is a form of holding a foreign currency account. In addition, articles 38 and 41 denote the difficulties of payments in cryptocurrencies for transactions with the rest of the world, in accordance with the regulations in force. Guaranteeing monetary stability is also an issue, as digital currencies could put pressure on the BEAC in its role as lender of last resort. It should also be noted that the purchase of cryptocurrencies or the use of cryptocurrencies for payments for local goods would be considered as outflows of currencies without counterpart of goods and services, anything which negatively affects the

rate currency hedging.

In the external sector, there could be a risk of increased financing of the overall BDP deficit by net foreign assets, due to the risk of widening the external financing component. BDP. Indeed, in Cameroon, people interested in the use of crypto are generally households, who allocate part of their savings to purchase cryptocurrencies for speculative purposes. , in the form of portfolio investment and financial derivative products. These operations resulted in the deterioration of the balance of the BDP financial operations account. In the public sector, cryptocurrencies which are not legal tender in Cameroon pose threats to compulsory State levies, in particular VAT, IRPP, tax on transfers. In the real sector, the major risk of cryptocurrencies, due to their volatility, would be the amplification of inflation.

In view of the above, the widespread use of cryptocurrencies would make economic statistics less reliable and public economic governance more uncertain. But, cryptocurrencies could, in the future, revolutionize the international financial system and leave countries that have not quickly adapted to this environment behind. Furthermore, currency remains an instrument of economic policy and a mark of sovereignty for each country. This sovereignty would be lost if the issuance of currency management escapes the control of the monetary authorities.

In Cameroon where the use of cryptocurrency is not yet regulated, it would be appropriate for the supervision of this type of currency to be a prerequisite for its use. This approach has already been adopted by the countries of the European Union and the United States.

SOCIO-ECONOMIC INFORMATION

Household final consumption prices

In the second quarter of 2023, household final consumption prices rose by 2.2% compared with the previous quarter. The items where prices rose more than the average were "food and non-alcoholic beverages" (+2.6%) and "transport" (+6.9%). Prices remained stable for "Communication" and "Education" services.

The rise in prices for "Food and non-alcoholic beverages" was due mainly to increases in the prices of vegetables (+9.1%), fruit (+2.5%), bread and cereals (+1.8%), sugar and confectionery (+1.8%),

milk, cheese and eggs (+1.1%) and meat (+1.0%). Conversely, prices of "oils and fats" fell by 4.0%.

The rise in prices for transport services is due in particular to the increase in prices for passenger road transport (+9.2%) and passenger air transport (+6.9%), linked to the rise in fuel prices.

Year-on-year, household final consumption prices rose by 7.9%. This was mainly due to the rise in prices for "food and non-alcoholic beverages" (+11.5%), transport (+16.3%), and "furniture, household goods and routine household maintenance" (+8.5%).

Table 14: Change in the Harmonised Index of Consumer Prices (Base 100 year 2022)

| Expenditure headings | Weight | 2nd Qtr. 2022 | 1st Qtr. 2023 | 2nd Qtr. 2023 | 1st Qtr. 2022 | 1st Qtr. 2023 | Change (%) | | |
|--|------------|---------------|---------------|---------------|---------------|---------------|------------|------------|------------|
| | | (a) | (b) | (c) | (d) | (e) | (c)/(b) | (c)/(a) | (e)/(d) |
| Trends by consumption function | | | | | | | | | |
| Food products and non-alcoholic beverages | 31.8 | 98.5 | 107.0 | 109.8 | 96.5 | 108.4 | 2.6 | 11.5 | 12.4 |
| Alcoholic beverages and tobacco | 1.4 | 99.4 | 101.9 | 103.7 | 98.9 | 102.8 | 1.8 | 4.3 | 4.0 |
| Clothing and footwear | 9.8 | 99.9 | 102.5 | 104.2 | 99.0 | 103.4 | 1.6 | 4.3 | 4.4 |
| Housing, water, gas, electricity and other fuels | 12.9 | 99.8 | 102.2 | 103.1 | 99.6 | 102.6 | 0.8 | 3.3 | 3.1 |
| Furniture, household items and routine household maintenance | 5.1 | 98.9 | 105.8 | 107.3 | 97.5 | 106.5 | 1.4 | 8.5 | 9.2 |
| Health | 4.8 | 99.9 | 100.6 | 100.8 | 99.8 | 100.7 | 0.2 | 0.9 | 0.9 |
| Transport | 11.3 | 99.7 | 108.5 | 116.0 | 99.3 | 112.3 | 6.9 | 16.3 | 13.1 |
| Communication | 4.6 | 99.8 | 100.4 | 100.4 | 99.6 | 100.4 | 0.0 | 0.6 | 0.8 |
| Leisure and culture | 3.4 | 99.9 | 101.2 | 101.5 | 99.6 | 101.4 | 0.3 | 1.6 | 1.7 |
| Teaching | 3.1 | 98.7 | 102.3 | 102.3 | 98.6 | 102.3 | 0.0 | 3.7 | 3.7 |
| Restaurants and hotels | 6.7 | 99.2 | 103.9 | 104.9 | 97.9 | 104.4 | 0.9 | 5.7 | 6.6 |
| Miscellaneous goods and services | 5.2 | 99.1 | 104.0 | 105.1 | 98.3 | 104.6 | 1.0 | 6.1 | 6.4 |
| General index | 100 | 99.2 | 104.8 | 107.1 | 98.1 | 105.9 | 2.2 | 7.9 | 8.0 |

Sources: INS, MINFI

In the first half of 2023, inflation was 8.0%. This surge is mainly due to price pressure on "food products and non-alcoholic beverages" (+12.4%), particularly "oils and fats" (+18.9%), "vegetables" (+17.3%), "milk, cheese and eggs" (+13.0%), "fish and seafood" (+12.3%), "fruit" (+11.8%) and "bread and cereals" (+11.4%).

Other socio-economic information

From February to May 2023, the Government conducted a nationwide campaign to combat illegal employment. The aim was to check the legality of foreign workers. Only 2,000 of the 10,000 identified foreign workers on Cameroon soil were legal.

The government is concerned about plastic waste pollution, which is estimated to reach 600,000 tonnes by 2022. A waste exchange has been recommended as a solution for June 2023. The aim would be to connect waste collection companies with recycling companies and companies that use waste as a raw material.

In June 2023, the government decided to privatise the management of the 47 seed farms spread across the country in order to limit imports of plant material and encourage the development of local production. Private seed operators with the technical, material and financial capacity had until 22 June 2023 to submit their bids.

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