

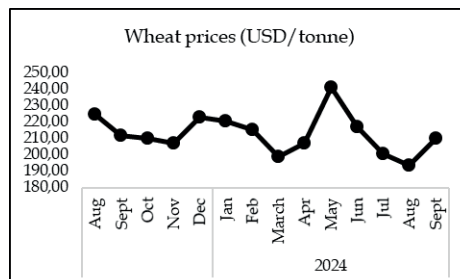
Monthly Economic Review

By 
CECAM

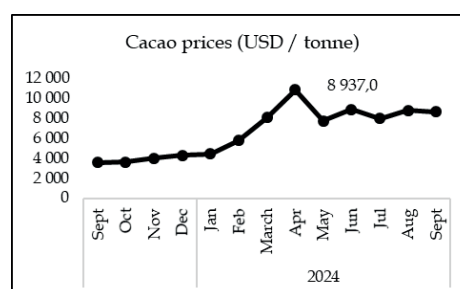
N°004 September 2024

1. Major commodity prices

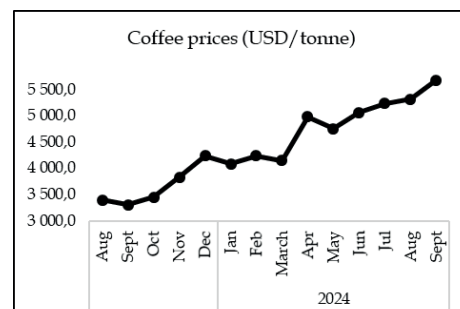
Wheat. Wheat prices saw an 8% monthly increase in September, but a slight annual decline. The price per tonne was \$209.83, still below the average since January, which has been \$211.7 per tonne.



Cocoa. After peaking in April, prices have been hovering around an average of \$8435 per tonne. In September, the price settled at \$8675 per tonne, a 2% drop compared to August. However, on an annual basis, prices have significantly increased by 142%



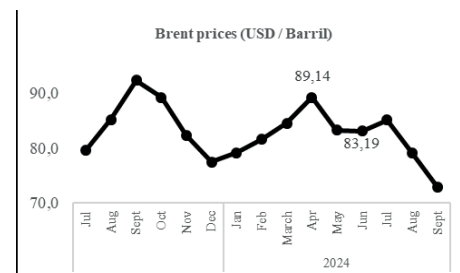
Coffee. The price of coffee has maintained its upward trend observed since September 2023. In September, the price per tonne was \$5683, a 7% increase compared to August and a 71% annual increase. Unfavourable weather conditions in major producing countries (especially Vietnam, which accounts for 40% of the supply) have driven this upward trend since late 2023.



Cotton. After declining since March this year, cotton prices are showing a positive trend again with a 4% increase in September, reaching \$26.1 per tonne, up from \$25 in August. However, on an annual basis, the price remains significantly lower, with a depreciation rate of 17%.



Oil prices. In September, Brent crude was traded at \$73 per barrel, marking a decline for the second consecutive month. On an annual basis, the price decreased by 21%.



2. Sub-regional Economic News

Economic Prospects in CEMAC

- **Stable Outlook by BEAC**

At the global level, economic growth is expected to stabilize around 3.3% by the end of 2024 and 2025. This growth is influenced by the gradual easing of monetary policies by major central banks, improving labour markets, and persistent geopolitical tensions, particularly in Ukraine and the Middle East.

In the CEMAC sub-region, growth is expected to reach 2.9%, driven by non-oil activities. Inflationary pressures are anticipated to decrease to an annual average of 4.2%. However, public finances remain fragile, with a projected deficit of 0.3% of GDP. The reserve requirement ratios are set at 7.00% for demand deposits and 4.50% for term deposits (BEAC, 2024).

Foreign Exchange Reserves: Notable Decline (5%) in 2024

According to BEAC, by the end of 2024, the foreign exchange reserves of CEMAC countries are expected to be 6539 billion CFAF, a 5% year-on-year decline, sharper than the result in a subscription rate of the initial forecast of 2.7% at the beginning of the year. This stock covers 4.5 months of imports, down from 4.8 months in 2023 (BEAC, 2024). The decline in foreign exchange reserves reflects an increasingly unfavourable trade structure for the economies and underscores the urgency of effectively implementing import substitution policies in member states.

Price Dynamics

- **Inflation Continues to Decline**

Inflation in the CEMAC region has been on a downward trend since the second half of 2023, though it still remains above the community norm of 3%. By the end of March 2024, the inflation rate stood at 4.5%, down from 4.8% at the end of December 2023. This price dynamic is driven by Cameroon, which accounts for 52% of total consumption in the

CEMAC zone and has a high inflation rate of 6.6%. Cameroon contributed to a reduction of 57 points in this inflation rate, followed by Chad with 20.4 points, Congo with 9.1 points, Equatorial Guinea with 4.8 points, and Gabon with 3.6 points.

- **Inflation on Exported Products in Q2 2024**

The prices of products exported by CEMAC states increased by 17.6% (Composite Index of Exported Commodity Prices [ICCPB] published by BEAC). This rise is driven by non-energy products, particularly agricultural products, which saw a 37.1% increase, including a 51.2% increase for cocoa and 20.3% for coffee. Metals and minerals also saw a 30.1% increase. However, cotton prices dropped by 10.1%, sugar by 10.7%, and forestry products saw a slight decline by 0.6%.

Economic Financing

- **BEAC Keeps Key Interest Rates Unchanged**

BEAC announced that the key interest rates, which define the refinancing conditions for commercial banks at the central bank, remain at 5%, 6.75%, and 0.0% respectively for the Tender Interest Rate, Marginal Lending Facility Rate, and Deposit Facility Rate. This decision follows an analysis of global and sub-regional economic prospects.

- **BEAC Liquidity Offer: banks received CFAF 260 billion in liquidity from BEAC, despite a moderate take-up rate**

BEAC issued a liquidity offer of 260 billion CFAF to commercial banks, fully captured by credit institutions at a subscription rate of only 105% compared to nearly 400% in previous operations. This moderation in demand suggests reduced financing needs of CEMAC banks, following the dynamism observed since the central bank resumed its liquidity injection operations in June 2024.

- **BVMAC: Brokerage Firm Activity Drops Over 70% in Q2 2024**

Brokerage firm (SDB) activity in the CEMAC region saw a general decline of 71.33% in Q2 2024 compared to the previous quarter, with the transaction volume falling from 14.27 billion CFAF in Q1 2024 to just 182 million CFAF in Q2 2024, a drop of 98.7%. However, there was an improvement in the number of shares traded between the two quarters, with 3,895 shares in Q2 2024 compared to 2,826 in Q1 2024 (+27.45%). Similarly, the participation rate of brokerage firms also showed a slight increase of 4.7% over the same period.

- **COSUMAF: New Conditions for Call Financing**

The Central African Financial Market Supervisory Commission (COSUMAF) has adopted an instruction that reorganizes the pricing (commissions, fees, and charges) on the regional financial market. This text harmonizes the fees for all actors involved in fundraising operations, granting approvals, account management, listing, etc. The new tariff schedule, which replaces the one issued in 2020, includes innovations such as: the arrangement fee threshold is reduced from 2% to 1.75% of the amount raised; the placement fee threshold is reduced from 1.25% to 1%; brokerage fees are halved to 0.5% of the transaction amount; management fees for OPC (collective investment schemes) are reduced from 0.15% to 0.10% applicable on the managed portfolio value.

These adjustments reflect the dual intent of encouraging more companies and states to seek market financing for their needs and easing intervention conditions for investors.

- **Investments: BEAC and BDEAC Commit to Supporting Import-Substitution Projects**

To reduce CEMAC countries' reliance on imports, BEAC and the Central African States Development Bank (BDEAC) are committed to supporting import-substitution projects (BEAC, 2024). According to the governor of CEMAC's central bank, the two institutions agreed on this necessity during a working session on September 11, 2024. In this meeting, BEAC, the majority shareholder of BDEAC, reiterated

its willingness to provide financial resources to BDEAC so that this development bank can fund more projects in the CEMAC region. This time, the focus will be on projects that boost local industrial production to reduce massive imports.

3. Important economic events at national level

Global macroeconomic outlook

Economic Growth: Figures from NIS

NIS published the report on national accounts for the first quarter of 2024 on August 29, 2024. The annual growth rate for the first quarter is 3.2%. The primary (+4.1%) and tertiary (+4.4%) sectors drive this growth, while the secondary sector shows a slowdown with a growth of only 0.7% compared to 2.2% the previous quarter. Specifically, the primary sector benefits from the surge in cash crop prices, particularly cocoa and coffee. The tertiary sector remains strong due to the dynamic performance of financial sectors (+12%), telecommunications (+6.8%), and hospitality (+6.9%). The secondary sector's weak contribution results from a decline in extractive activities (-4.3%) and slower growth in industries. Growth rates of 1.5% and 1.0% are noted for agro-food industries and other manufacturing industries, respectively, against 2.8% and 4.4% in the previous quarter.

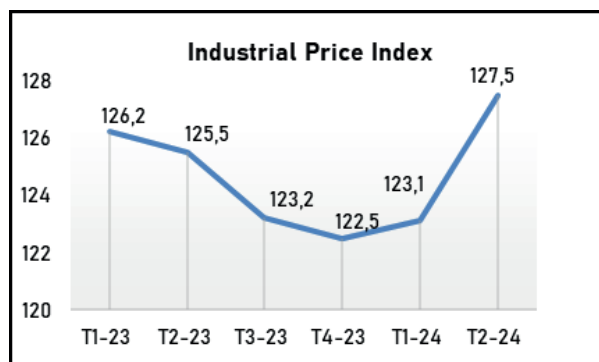
Cameroon's Economic Performance

The growth rate of Cameroon's economy is estimated at 3.8% in 2023 and projected at 4.1% by the end of 2024. The main drivers of this growth are the non-oil sector, particularly industrial agriculture and agro-food industries. With the increasingly

complex and competitive global trade environment, Cameroonian companies should adapt and strengthen their competitiveness to thrive in a constantly evolving context (Competitiveness Committee, 2024).

Industrial Production Prices Increases by 1.6%

The industrial production price index shows a year-on-year increase of 1.6%, following a 0.9% rise in the first quarter. This increase is mainly driven by the wood and wood product manufacturing industries (+12%), as well as printing and paper and cardboard manufacturing industries (+7%).



Source: data from NIS, 2024

Inflation: Rising Fuel Prices Continue to Drive Inflation

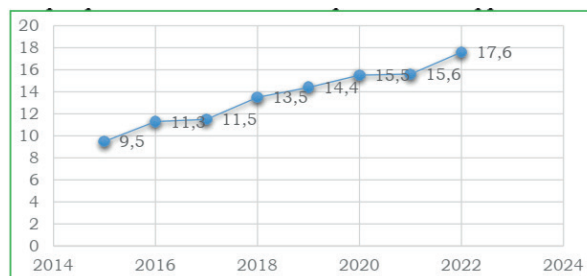
In August 2024, consumer prices in Cameroon increased by 0.4% compared to the previous month, slightly more vigorous than the 0.1% rise in July 2024. This annual increase of 3.8% is due to a 4.2% rise in food prices and a 10.7% increase in transport costs (NIS, 2024). The rise in gasoline and diesel prices at the pump continues to be the main factor driving inflation in Cameroon up to August 2024 due to its impact on transport costs.

Increased Apparent Productivity of Companies

The apparent labour productivity, which reflects the volume of production generated per employed person, increased by 15.5%, from 14.2 million in 2021 to 16.4 million FCFA in 2022. Apparent capital productivity also rose from

15.6% in 2021 to 17.6% in 2022. Moreover, from 2015 to 2022, there has been a continuous increase in apparent capital productivity (Competitiveness Committee, 2024)

Changes in apparent capital productivity (%)



Source: Competitiveness Committee Report, 2024

Business Dynamism: The growth score of innovative companies increased from 44.8 in 2022 to 44.9 in 2023.

Companies' ability to develop relationships with suppliers, subcontractors, and clients scored 43.4 (9th globally and 16th in Africa) in 2023, an improvement from 42.4 in 2022, despite dropping a place in the global and African rankings. The score for entrepreneurial risk attitude evolved from 43 in 2022 to 43.8 in 2023. The growth score of innovative companies increased from 44.8 in 2022 to 44.9 in 2023, reflecting an agile and dynamic private sector increasing productivity by testing new ideas and creating innovative products and services. However, the score for companies adopting disruptive ideas decreased from 42.3 in 2022 to 41.6 in 2023. This decline highlights the need to focus on adopting disruptive ideas and innovations through strong support initiatives for innovators.

PRODUCTIVE SECTORS

Cocoa Production: BEAC projects an increase in Cameroon's cocoa production by over 10,000 tonnes in 2024.

For the 2024-2025 season, launched last August, production is expected to reach 276,900 tonnes, according to BEAC forecasts. This would

represent an increase of 8,000 to just over 10,000 tonnes compared to the previous season. Despite the rise, Cameroon is still far from the target of 600,000 tonnes set in the cocoa-coffee sector recovery plan adopted in 2014. This plan also aims to locally process 50% of bean production, around 300,000 tonnes.

Furthermore, Cameroon ranked as the 4th largest cocoa exporter with 7.6% of the global market share in 2023. This increase is due to a 12.7% rise in cocoa exports compared to 2022, mainly to the Netherlands (73.8%), Malaysia (9.4%), Indonesia (8.0%), and Turkey (3.2%). The country exported 180,095 tonnes of raw beans, 55,445 tonnes less than in 2022, generating over 359 billion CFAF. This figure represents a 12.9% annual increase in export revenue, constituting 12% of Cameroon's total export earnings in 2023. This increase in export revenues is attributed to the 21.2% rise in cocoa prices on the international market, due to a decline in production in countries like Côte d'Ivoire and Ghana, respectively the first and third largest exporters in 2023 with 33.7% and 11.2% of the market share.

Electricity: Commissioning of the 3rd generating unit on 19th September 2024, enabling 180 MW to be injected into the grid.

The Nachtigal dam (420 MW) commissioned its third set (60 MW) in September 2024, bringing to 180 MW the power that the dam currently injects into Cameroon's electricity grid.

Renewable Energy: Cameroon Below 5%

Following CEMAC's goal to reduce greenhouse gas emissions by 32% and increase the share of renewable energy to 25% in its energy mix by 2035 (representing about 1500 MW of renewable energy to be installed), efforts are being made by member states, private companies, and development partners to achieve this objective. Despite these efforts, Cameroon's share of renewable energy remains below

5%. Although the government has focused on developing renewable energy through several programs such as promoting solar photovoltaic plants, biomass plants, wind farms, and small hydroelectric plants, the best formula for making these programs operational needs to be found.

Solar Energy: Technological Boom

Cameroon has abundant photovoltaic solar energy potential across its territory. According to the Minister of Energy, during the inauguration of the solar plants in Guider (15 MW) and Maroua (15 MW) on September 22, 2024, the program is divided into four components to boost Cameroon's solar energy production capacity to 250 MW by 2030:

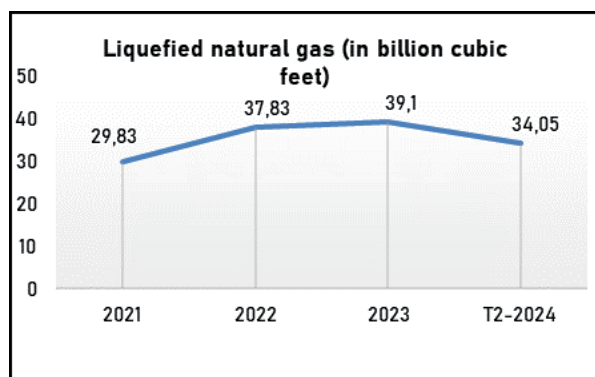
- **Off-Grid:** Implemented on the ground, with over 360 autonomous mini solar photovoltaic plants in rural areas. This component needs further structuring to facilitate professional execution, given its importance for achieving universal energy access.
- **On-Grid Production:** Already led to the construction of two solar photovoltaic plants with a total capacity of 36 MW installed in Maroua and Guider, injecting 65,600 MWh into the Northern Interconnected Network by December 31, 2023.
- **Solar Home System:** Involves several private actors with nearly 100,000 domestic installations already completed.
- **Solar Net Metering:** Not yet operational, but an innovative service allowing consumers to offset their billed electricity consumption by the production of a solar installation on their consumption site. When their production exceeds their demand, the

surplus is injected into the conventional electric grid, and they get paid by the concessionaire; conversely, when their production is less than their demand, they draw the deficit from the conventional grid and pay the corresponding bill.

This program highlights the numerous challenges in the rapidly evolving renewable energy sector.

Liquefied Natural Gas (LNG): Decline in Imports by 23.6% in Q2 2024

In the second quarter of 2024, imports of liquefied natural gas (LNG) from Gazprom, Russia, to Cameroon decreased by 23.6% compared to the same period last year. The value of Cameroon's exports to this partner was 185.4 billion CFAF in the first half of 2024, down from 242.7 billion CFAF the previous year. This decline is likely due to international trade tensions or global economic crises impacting exports.

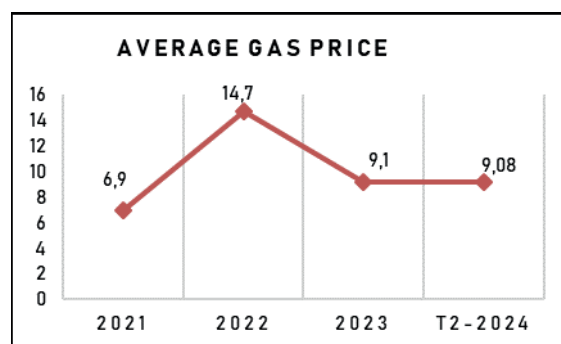


Source: Based on SNH data, 2024

Natural Gas: Decline in Prices

According to the National Hydrocarbons Corporation (SNH), the value of Cameroonian gas exports has significantly decreased due to fluctuations in the average price, which has struggled to maintain its pace in the second quarter of 2024 after hitting its lowest level

in 2021. Over the past four years, the average gas price has increased from 6.9 CFAF/Mscf on June 30, 2021, to 14.7 CFAF/Mscf on the same date in 2022 (a +103% increase), before dropping to 9.1 CFAF/Mscf by the end of June 2023, and further to 9.08 CFAF/Mscf in the second quarter of 2024.



Source: Based on SNH data, 2024

Crude Oil: Production Decline by 11.4% between 2022 and 2024

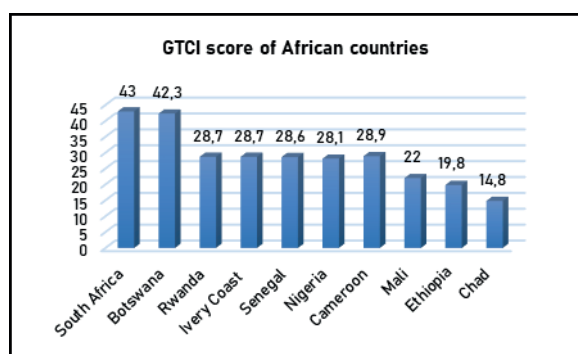
Cameroon's oil production has decreased by 11.4% over three years, with BEAC projecting a further decline to 3 million tonnes by the end of 2024. This reduction in oil production means Cameroon's share of CEMAC's oil production is expected to drop to 8% in 2024, down from 9% in 2022. Consequently, Cameroon falls behind Congo, Gabon, and Chad, which are estimated to account for 33%, 28%, and 19% of sub-regional oil production, respectively. Equatorial Guinea is expected to surpass these figures by the end of 2024, with a production increase of nearly 18% (4.6 million tonnes), after experiencing a contraction in 2023.

ECONOMIC COMPETITIVENESS

Global Talent Competitiveness Index (GTCI): Cameroon ranks 118th out of 134

Cameroon's performance in the six pillars of the GTCI reveals below-average scores, highlighting significant weaknesses, especially in retaining (125th) and attracting (119th) talent. Cameroon is ranked 118th globally with a score

of 25.9/100, below the Sub-Saharan Africa average of 32.0/100. In Africa, Cameroon ranks 16th out of 31 countries, trailing behind Botswana, Rwanda, Côte d'Ivoire, Senegal, and Nigeria. To optimize the contribution of quality skills towards an emerging and competitive economy, it is necessary to develop strategies for talent development, retention, and attraction.



Source: Competitiveness Committee Report, August 2024

Product Trade Dynamics: Key Export Products

In 2023, Cameroon's top ten export goods accounted for nearly 94.6% of the total export value. These include crude oil (37.7% of total exports), liquefied natural gas (14.1%), raw cocoa beans (12.0%), sawn timber (6.7%), raw cotton (4.9%), cocoa paste (3.3%), fuels and lubricants (2.2%), logwood (2.2%), and cocoa butter (1.9%) (MINEPAT, 2024).

Between 2019 and 2023, exports of bananas, raw cocoa beans, raw rubber, logwood, and raw aluminium decreased, while the other six products saw an increase in export quantities.

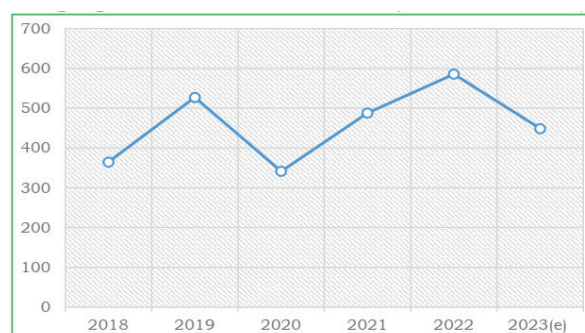
Mineral fuels, copper and its products, as well as coffee, tea, and spices, are the most dynamic products. Conversely, edible fruits, cotton, rubber, and cocoa and its preparations are losing momentum. High-potential products include bananas, cocoa and its preparations, pineapples, household soaps, palm oil, and fertilizers (Competitiveness Committee, 2024).

FINANCING THE ECONOMY

Foreign Direct Investment (FDI): Decline by 23.4% in 2023

Cameroon recorded a 23.4% decrease in net FDI flows, from 585.4 billion CFAF to 448.6 billion CFAF between 2022 and 2023.

Net FDI (in billions of CFA francs).



Source: Competitiveness Committee Report, August 2024

Public Debt

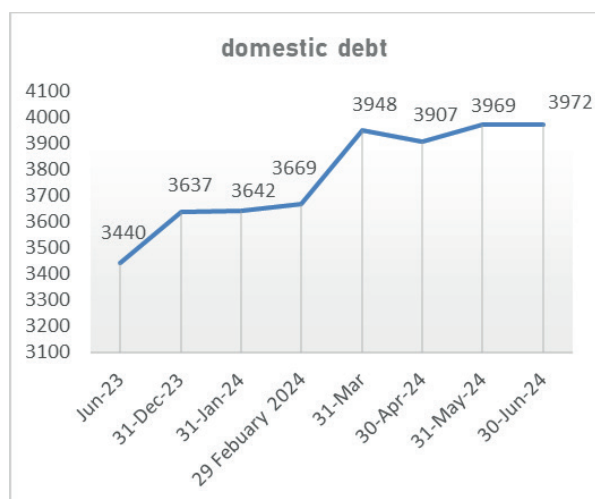
The public sector debt is estimated at 13,070 billion CFAF, approximately 43.3% of GDP in Q2 2024 (CAA, 2024). This represents a quarterly increase of 0.8%, compared to a positive variation of 4.9% in 2023. The debt comprises 93.5% direct central administration debt, 6.4% public enterprises and institutions debt, and 0.1% decentralized local authorities' debt. The direct debt of public institutions and enterprises decreased by 5.6% compared to the same period last year and by 1.3% quarterly. This debt is owed 58.7% to external creditors and 41.3% to national partners, consisting of 67.5% external debt and 32.5% domestic debt.

- **State Domestic Debt**

Domestic debt increased by 8.43% from the beginning of 2024 to Q2 2024, rising from 3,637 billion to 3,972 billion CFAF, with an annual growth of 13.39%. This rise in domestic debt could adversely affect the economy by

compromising financial stability, increasing borrowing costs, limiting economic growth, and reducing investor confidence.

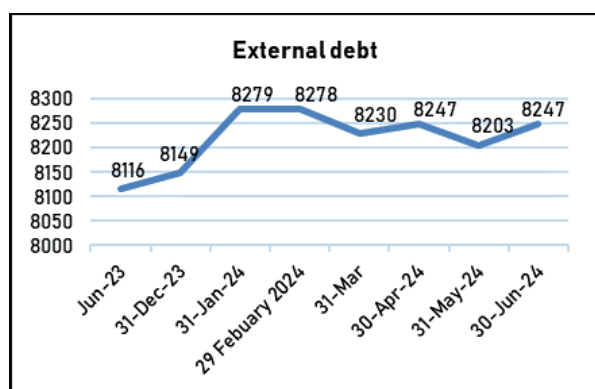
Evolution of Public Sector Domestic Debt



Source: Data from CAA Report, 2024

- **State External Debt**

The external debt is estimated at 8,247 billion CFAF in Q2 2024, marking a 0.53% increase from the previous month and a 1.6% year-on-year rise (CAA, 2024).



Source: Data from CAA Report, 2024

Business Financing: 14 Billion CFAF Credit Line to Support SMEs

As part of the second phase of the Strategic Preparation and Response Plan to the Covid-19 Pandemic (PSPRP), Afriland First Bank has signed an agency contract with the State of Cameroon to open a credit line worth \$22.2 million (approximately 14 billion CFAF) for small and medium-sized enterprises (SMEs). This agency contract with the commercial bank is a prerequisite for implementing financing from the Islamic Development Bank (IDB) according to Islamic finance requirements.

Through this contract, Afriland will provide eligible SMEs with the necessary funds to implement their development projects, thereby enhancing their competitiveness in the local economy. This second phase of the PSPRP aims to support around 200 SMEs in Cameroon, specializing in sectors such as wood processing, agriculture, energy, and others. The first phase, supported by \$27.4 million (16 billion CFAF), focused on pandemic response in the health sector in 2021. Financing ceilings will be set based on the size of the enterprise, considering very small, small, and medium-sized enterprises.

CAMEROON-CHINA BILATERAL COOPERATION

Cameroon-China Cooperation: New Agreements in Progress

Following the Cameroonian President's participation in the China-Africa Forum, several new cooperation agreements between China and Cameroon are underway.

Here are some key agreements in critical sectors:

- **Bestway Finances Ltd:** Officially started the technical exploitation of iron deposits between Cameroon and Congo (Mbalam-Nabeba) on the Cameroonian side.

- **Sinosteel:** In January 2024, imported \$8.6 million (60 billion CFAF) worth of equipment to start iron exploitation in Lobe, near Kribi.
- **China First Highway Engineering Corporation (CFHEC):** Signed an agreement at the beginning of 2024 to pre-finance the start of phase II of the Yaoundé-Douala highway project and assist Cameroon in securing the 1000 billion CFAF needed for the project.
- **Other Agreements:** Numerous other agreements with Chinese operators, who are already highly active in small-scale gold mining, quarries, and more.

Agreement Between Kribi Port and CHEC for Construction of Mineral Terminal

During a summit, the Director General of the Port Authority of Kribi signed a strategic agreement with the CEO of China Harbour Engineering Corporation (CHEC). Through this agreement, the two parties committed to closely collaborate on several projects, including the construction of a future mineral terminal—a key installation to position Kribi as a major logistics hub in Central Africa. CHEC committed not only to conducting the project's feasibility study but also to providing technical assistance for mobilizing necessary financing from Chinese authorities. Additionally, the Chinese company will play a central role in promoting Kribi Port

among Chinese business circles.

Starting in 2025, the Port Authority of Kribi plans to build a mineral terminal with a capacity of 125 million tonnes per year, which will handle iron ore from Mbalam, Lobe, Grand Zambé by Bipindi, and other nearby mining sites. The project has been adopted by the government as a pilot project for implementing the country's first economic zones.

Kribi Port will be assisted in this endeavor by a consortium of companies such as Africa Global Logistics (AGL), the Port of Tangier, and other renowned entities. The port authority has opted for a "Build-Operate-Transfer (BOT)" financing model, involving the construction and operation of the terminal by private partners before its transfer to the public sector.

The significance of such infrastructure lies in its potential to harness the vast mineral resources of Cameroon and the CEMAC sub-region. With the launch of iron production from Mbalam, Lobe, and Grand Zambé by Bipindi, Cameroon aims to achieve the status of a producing country with its first iron ore exports.

Overall, the works will extend over more than 400 hectares of land and about 500 hectares in the maritime domain. They will include a main berth and a loading platform for Panamax-sized bulk carriers, with an average capacity of 170,000 DWT (deadweight tonnage) up to Capesize vessels with an average capacity of

1,000,000 tonnes DWT, and so on

ACRONYMS AND ABBREVIATIONS

BVMAC : Central Africa Stock Exchange

BTA: Treasury Bonds

CEMAC: Economic and Monetary Community of Central Africa

COSUMAF: Central Africa Financial Market Supervisory Commission

CTD: Decentralized Local Authorities

GTCI: Global Talent Competitiveness Index

ICCPB: Composite Index of Exported Commodity Prices

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

SME: Small and Medium Enterprises

PSPRP: Strategic Plan for Preparation and Response to the Covid-19 Pandemic

OTA: Treasury Bonds

SDB: Brokerage Firm

PMC: Portfolio Management Company