



ECONOMIC AND FINANCIAL UPDATE

December 2023

Key news

Macroeconomic performance

- ▶ Year-on-year inflation in Senegal fell below the 1% threshold to 0.9% in November 2023, and is now lower than inflation in the WAEMU zone, which has slightly risen.
- ▶ The trade deficit narrowed by 2% in October 2023 compared with October 2022, and the year-to-date deficit narrowed by 0.4% compared with the first ten months of 2022.

IMF program

- ▶ The IMF Executive Board approved the first reviews of the EFF/ECF and RSF agreements, leading to the disbursement of SDR 210 million to Senegal.

Investments

- ▶ Phase II of the Diamniadio international industrial platform was inaugurated.

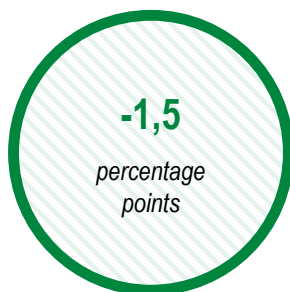
International community

- ▶ Senegal took part in COP 28 to call for greater mobilization of climate finance to fund the adaptation to climate change in Africa.
- ▶ Senegal took part in the 21st Doha Forum.

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Key data



Change in annual inflation in Senegal between October and November



Change in the trade deficit in October 2023 compared with October 2022



Total amount issued in the public securities market in December 2023

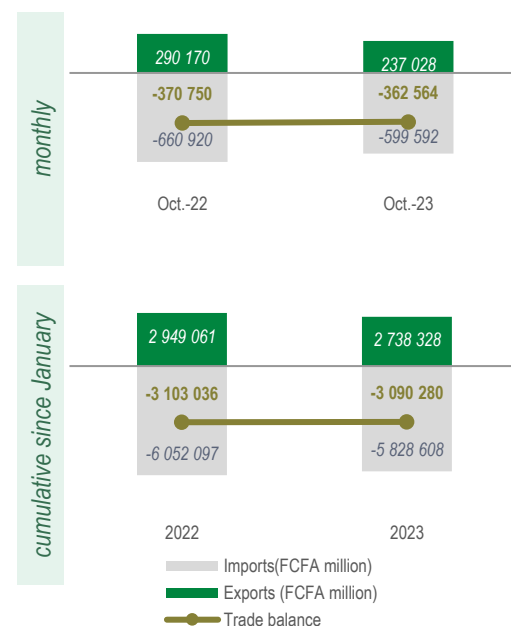
Trade balance

The trade deficit remained stable overall, narrowing by 2% between October 2022 and October 2023. The cumulative deficit since the beginning of the year has also narrowed very slightly, by 0.4%, compared with January-October 2022.

This slight decrease over the first ten months of 2023 can be mainly explained by a fall in the value of imports of energy and lubricants (-10%) compared with the same period in 2022, and a 48% fall in the value of imports of mineral raw materials, which offset the 28% rise in imports of finished products for industry over the same period.

In terms of trade relations, Mali, Switzerland and India remain the three main destinations for Senegalese exports over the first ten months of the year. China, France and Nigeria remain Senegal's main suppliers.

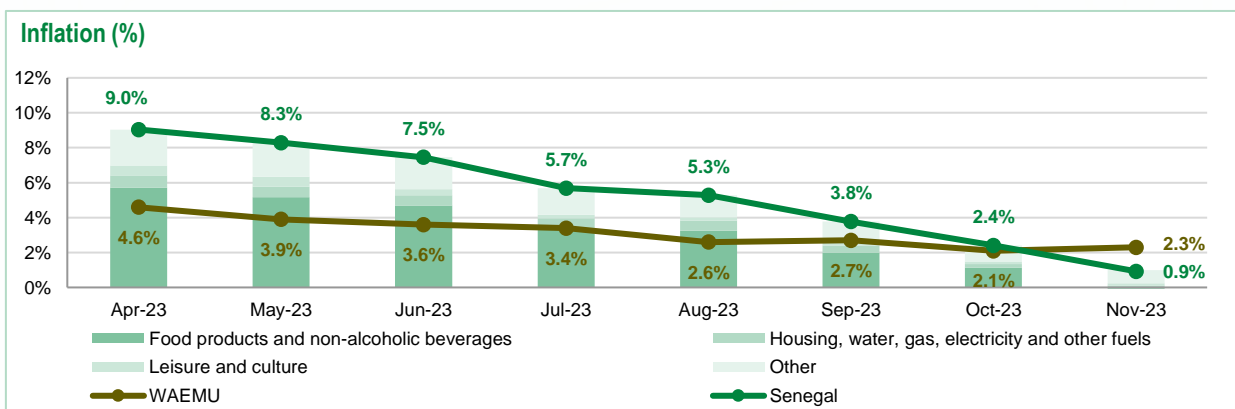
Balance of goods (FCFA million)



Inflation

Inflation (year-on-year) rose slightly in the WAEMU zone in November. However, the consumer price index continued to fall in Senegal, with year-on-year inflation now dropping below the 1% mark and below regional inflation.

The slowdown in inflation in Senegal is mainly due to the now negative contribution of food and non-alcoholic beverage prices to inflation, down from 1.1% in October 2023 to -0.1% in November 2023.



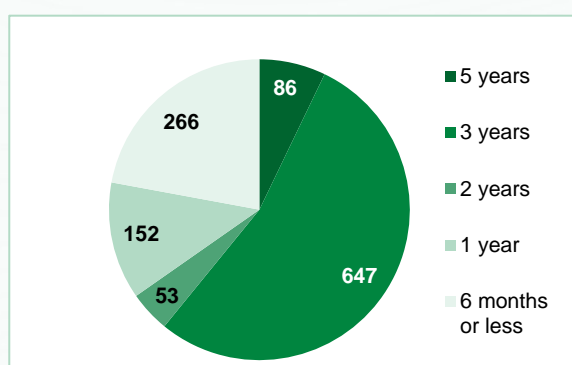
Regional market

- ▶ On December 7, 2023, Senegal issued 28-day Treasury bills for a total of FCFA 28,365 million on the local government securities market.
- ▶ Senegal's cumulative issuance since January 2023 amounts to **FCFA 1,204 billion**, in 51 tranches. The issues break down as follows: FCFA 86bn at 5 years maturities, FCFA 647bn at 3 years, FCFA 53bn at 2 years, FCFA 152bn at 1 year and FCFA 266bn at 6 months or less.
- ▶ Senegal's debt stock on the local market increased by **FCFA 303 billion since January 2023**, given cumulative repayments of **FCFA 901 billion** during this period.

Total issues in December 2023

Maturity	28 days
Issue date	07-Dec-23
Amount put out to tender (FCFA million)	30 000
Amount submitted (FCFA million)	32 365
Amount retained (FCFA million)	28 365
Average weighted yield	5.81%
Coverage of the amount put out to tender	107.88%

Maturity breakdown of issues since January 2023 (FCFA billions)



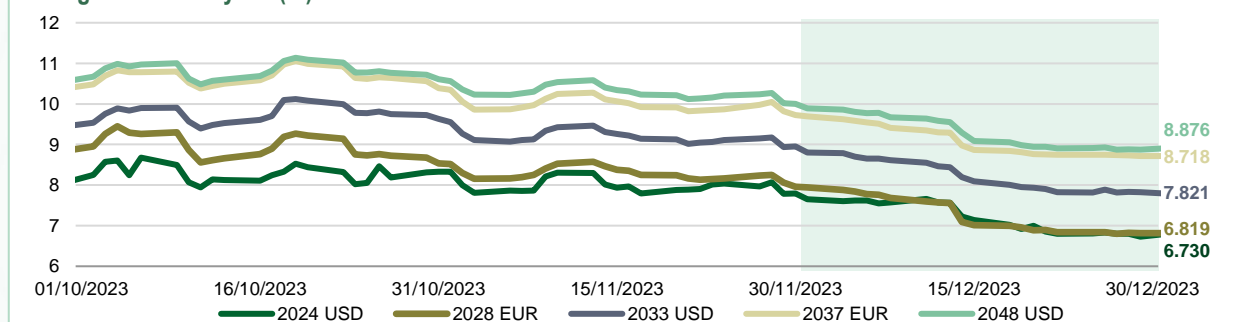
Source: UMOA Titres, December 2023. The coverage of the amount put out to tender corresponds to the ratio of the amount submitted to the amount put out to tender. The averages are weighted by the amount retained for each public security.

International markets

The trend reversal observed in October and November was confirmed in December 2023, with **yields on all Senegalese bonds falling**. All bonds recorded significant falls, ranging between 92.0 and 112.7 basis points.

Instrument	Yield on 01/12/2023 (%)	Yield on 29/12/2023 (%)	Δ in Dec. (bps)	Δ in Nov. (bps)
2028 EUR	7.946	6.819	-112.7	-56.2
2037 EUR	9.691	8.718	-97.3	-62.2
2024 USD	7.650	6.730	-92.0	-53.6
2033 USD	8.802	7.821	-98.1	-60.4
2048 USD	9.888	8.876	-101.2	-55.9

Senegal Eurobond yield (%)



Source : Bloomberg 09/01/2024

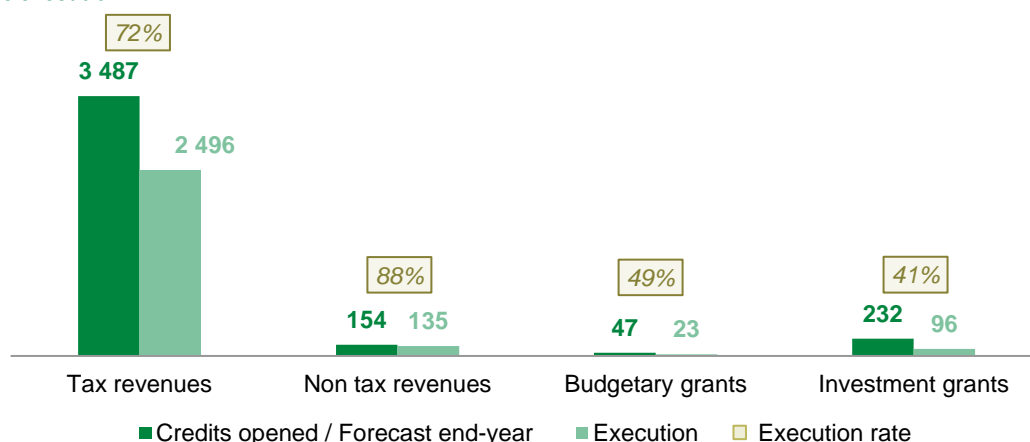


Budget execution in the third quarter of 2023

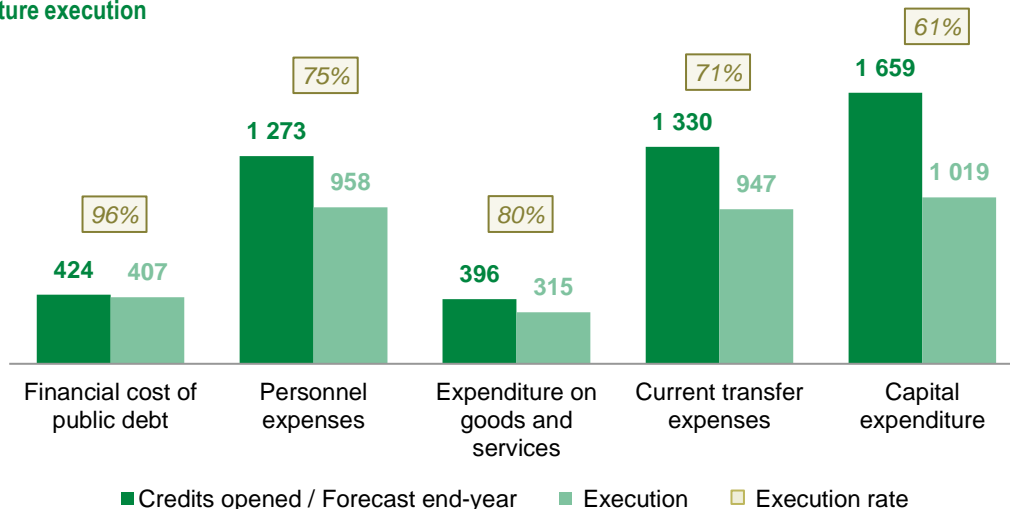
At the end of the third quarter, budget implementation was broadly in line with the Loi de Finances 2023. **The total execution rate for annual revenues was 70%**, thanks to an execution rate of 72% for tax revenues, the main revenue item.

On the expenditure side, budget execution is also in line with the 2023 Loi de Finances (including modifications to open general budget appropriations and carryovers of investment appropriations): **72% of the total annual forecast was executed on September 30, 2023.**

Revenue execution



Expenditure execution



Source: Direction Générale du Budget, Budget execution report for the third quarter of 2023



IMF Executive Board completes the first reviews of the EFF/ECF and RSF programs in Senegal

On December 13, the IMF Executive Board approved the disbursement of SDR 210 million (c. USD 279.31 million) to Senegal, following the successful conclusion of the first reviews of the programs under the Extended Fund Facility (EFF), the Extended Credit Facility (ECF) and the Resilience and Sustainability Facility (RSF). This decision **reflects the satisfactory progress made in implementing the program's reforms, which include fiscal consolidation, improved governance of public funds and transparency, and the fight against corruption.**

All quantitative performance criteria and indicative targets were met under the EFF/ECF program, barring one indicative target for end-June 2023. The two reform measures scheduled for the first review under the RSF program, namely the **adoption of a Public Investment Management decree integrating climate considerations** and the **implementation plan for a green public transport strategy**, have been completed.

The IMF Executive Board also highlighted the **alignment of the 2024 budget law with commitments to debt sustainability**. This includes limiting the budget deficit to 3.9% of GDP by 2024, phasing out untargeted energy subsidies and steadily increasing tax revenues to 20% of GDP by 2025.

Fiscal consolidation objectives are supported by the IMF's economic forecasts for Senegal. While the risks to growth and inflation remain predominantly tilted to the downside in the short term due to the multiplication of external shocks, **the medium-term macroeconomic outlook is more favorable, fueled by the start of hydrocarbon production.**

Inauguration of phase II of the Diamniadio international industrial platform

On December 5, **phase 2 of the Diamniadio International Industrial Platform (PI2D)**, covering 40 hectares, adding to the first phase inaugurated in 2018, was inaugurated. **The industrial platform is expected to accommodate nearly sixty companies and create almost 23,000 jobs.** Phase 2 of the industrial park was built under a public-private partnership model involving the State of Senegal and EximBank China, which funded the project with a total of FCFA 60 billion.



The Diamniadio platform **illustrates the implementation of Senegal's industrialization strategy, outlined in the Plan Sénégal Emergent.**

COP 28: financing climate change adaptation in Africa

At COP 28 in Dubai, President Macky Sall took part in a meeting on climate change adaptation in Africa.

The Head of State called for greater climate justice and **greater access to the resources needed for the African continent to catch up in terms of green financing and investment, and to successfully complete the process of adapting to climate challenges.**

In this regard, the possibility of **redirecting resources earmarked for debt repayment towards financing green projects** was mentioned.

The President of the Republic also stressed the **need to develop an approach that would reconcile economic development and climate issues**, with the example of the signing of the Just Energy Transition Partnership in June 2023 with Canada, France, Germany and the European Union, which aims to finance green projects so as to increase the share of renewables in the country's energy mix from the current 31% to 40% by 2030.

Doha Forum: panel on inclusive economic systems for sustainable growth

Senegal participated in the 21st Doha Forum on December 10, represented by President Macky Sall, who took part in a panel discussion on the theme: "inclusive economic systems for sustainable growth". He outlined the **public policies implemented by Senegal to promote growth and social inclusion**, citing in particular **the Plan Sénégal Emergent, the Emergency Community Development Program, the National Program of Family Security Grants, Universal Health Coverage, and the Rural Employment Scheme.**

The Head of State also called for a reassessment of the rules governing access to credit and the criteria of rating agencies to achieve **a more equitable and inclusive international governance.**

The Doha Forum was also an opportunity for President Macky Sall to hold talks with the Emir of the State of Qatar, His Highness Sheikh Tamim bin Hamad Al Thani, on bilateral cooperation between Senegal and Qatar, and on political, economic, and development issues.



Recent events

8 Dec.

Prime Minister Amadou Ba visits Paris for talks with French Prime Minister Elisabeth Borne, **one year after the fifth edition of the Franco-Senegalese Intergovernmental Seminar**. Discussions focused on **coordinating financial, socio-economic, security and environmental cooperation, as well as youth and education issues**.

17 Dec.

President Macky Sall travelled to Kigali to **take part in the inauguration ceremony of the BioNtech Africa plant and meet Rwandan President Paul Kagame**. Discussions focused on bilateral cooperation and current international affairs.



22 Dec.

In a press release, Petrosen announced the departure of the Floating Production, Storage and Offloading Unit, FPSO LSS, from Singapore to Senegal, scheduled for arrival on February 23, 2024.



Forthcoming key data publications

- ▶ 15 January – **Turnover Indices in Services (ICAS)**
- ▶ 15 January – **Industry Turnover Indices (ICAI)**
- ▶ 29 January – **Building materials price index:** price levels of the main building materials



Senegal raises FCFA 28.365 billion in treasury bills on the WAMU financial market

On December 7, 2023, the State of Senegal, through its Treasury, raised FCFA 28.365 billion (\$45.384 million) on the financial market of the West African Monetary Union (UMOA) at the end of its auction of 28-day Treasury bills.

Financial Afrik – 8 December (*article in French*)

The logo consists of the letters 'FA' in a white serif font, centered within a light red square.

Senegal sets up a Space Studies Agency

This year, Senegal set up its own space studies agency, ASES, which took up its duties in September and is now building up its teams and working on major projects, including the opening of a satellite manufacturing plant and a major regional space observatory.

rfi – 13 December (*article in French*)



Senegal: Slight improvement in business climate in October 2023

In October 2023, the monthly business climate in Senegal improved slightly by 0.6 points, according to data from the Dakar-based Direction de la Prévision et des Etudes Economiques (DPEE).

Financial Afrik – 22 December (*article in French*)

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