

Cote d'Ivoire Business Forecast Report Q1 2015

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Abstracts

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Core Views

We remain bullish on the growth prospects for the Ivorian economy, forecasting that real GDP growth will average 8.0% annually over the next five years. However, with contentious elections in October 2015 and the continued threat posed by Ebola, risks to growth over the near term are weighted firmly to the downside. President Alassane Ouattara's already strong chances of securing a second term have increased following the announcement that the Parti Démocratiques de la Côte d'Ivoire (PDCI) – part of the ruling coalition with Ouattara's Rassemblement des Républicains (RDR)– will back the president in the October 2015 general elections.

Côte d'Ivoire's return to political stability in 2012 has had a restorative effect on the country's public finances and over the next five years we expect it to run a moderate, but sustainable fiscal deficit in the region of 2.0-3.0% of GDP. Headline inflation in Côte d'Ivoire will remain low by sub-Saharan African standards over the next six-to-twelve months on the back of subdued food prices and a stable currency. These factors will see inflation in the West African country continue to average below the regional central bank's 3.0% target level.

Major Forecast Changes

No major forecast changes.

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BMI Political Risk Index

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President's Bipartisan Backing A Boost For Continuity

The endorsement of President Alassane Ouattara's re-election bid by coalition partner the Parti Démocratiques de la Côte d'Ivoire will bring greater certainty and stability to proceedings ahead of what will be a highly charged election in October 2015.

Table: Political Overview

Long-Term Political Outlook

Post-Conflict Challenges To Linger

While the establishment of a cohesive national government has set the stage for an impressive economic recovery in Côte d'Ivoire, the country's political system remains brittle and ethnic tensions are easily inflamed. In our core scenario, BMI predicts Alassane Ouattara's government will be only partially successful in addressing the country's political, security, and social challenges and tensions will remain high over the coming years. A more stable outcome is possible, although highly unlikely, while we ascribe a 10-20% probability to a repeat of the 2010-2011 political crisis between now and 2020.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Index

Economic Activity

Election, Ebola Pose Risks To Growth In 2015

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continued threat posed by Ebola, risks to growth over the near term are weighted firmly to the downside.

Table: Economic Activity

Balance Of Payments

Deteriorating Trade Balance To Drive Widening Of C/A Deficit

Côte d'Ivoire's current account balance will steadily deteriorate over our 2015-2019

forecast period due to strong import demand and

sluggish growth in cocoa exports. The shortfall will continue to be covered by financial account inflows, mostly FDI and multilateral

loans.

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Inflation To Inch Higher

While remaining low by regional standards, inflation in Côte d'Ivoire over the next six months will rise from its current low levels due to

base effects and increasing demand pressures. The West Africa Ebola outbreak poses an upside risk to our forecasts given its potential

to create supply bottlenecks.

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Fiscal Stability To Prevail, Despite Election Pressures

Côte d'Ivoire will run a moderate, but sustainable fiscal deficit in the region of 2.0-3.0% of GDP over the next five years. A surging

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