+357 96 030922
info@marketpublishers.com

Ethiopia Business Forecast Report Q2 2014

https://marketpublishers.com/r/E864A5F48FBEN.html
Date: March 2014
Pages: 32
Price: US$ 1,195.00 (Single User License)
ID: E864A5F48FBEN

Abstracts

Core Views

Prime Minister Meles Zenawi's death did not have the politically destabilising effect many anticipated, and his successor Hailemariam Desalegn's adherence to the status quo should see policy continuity right until the elections in 2015. Even so, we expect ethno-religious divisions and social unrest to be a source of tension over the coming months.

Ethiopia will be among the fastest growing economies in Sub-Saharan Africa over the next few years and we are forecasting average growth of 6.0% annually between 2014 and 2018. Growth will be driven by heavy public investment into infrastructure and agriculture, and an increasingly buoyant consumer segment.

Inflation in Ethiopia has slowed markedly in recent years since reaching a peak of 40.6% year-on-year (y-o-y) in August 2011 and we expect inflation to remain relatively stable over the coming quarters, hovering broadly between 7.0 and 9.0% year-on-year. The view is based primarily on a relatively benign outlook for food prices due to favourable agricultural production prospects in the months ahead. Despite robust growth in current transfers, mainly in the form of remittance flows, Ethiopia will sustain a current account deficit in the region of 5.0-8.0% of GDP between 2014 and 2018, driven by a gaping trade deficit.

Major Forecast Changes

No major forecast changes

Key Risks To Outlook

+357 96 030922
info@marketpublishers.com

Despite the relatively smooth handover of power following Meles Zenawi's death, political risks will remain heightened. Increasing social tensions raise the prospect of an uptick in domestic unrest, while a behind-closed-doors power struggle among the political elite could threaten policymaking.

As is the case for many African nations, Ethiopia is highly susceptible to volatility in global markets, particularly commodity prices (notably coffee and gold), which can in turn pose both upside and downside risks to export revenues and headline growth.

While inflation has slowed markedly from the high levels witnessed in 2011/12, inflation will continue to represent a key risk to macroeconomic stability. Food price inflation in particular will remain a concern, with unpredictable weather a constant threat.

Contents

limitations. We are forecasting an economic expansion of 6.5% in 2014 and 6.3% in 2015.

Table: ECONOMIC ACTIVITY

Balance Of Payments

Soaring Imports Will Keep Current Account In The Red

Despite robust growth in current transfers, mainly in the form of remittance flows, Ethiopia will sustain a current account deficit of 5.0-8.0% of GDP between 2014 and 2018, driven by a gaping trade deficit.

Table: CURRENT ACCOUNT

Monetary Policy

Benign Food Price Pressures To Keep Inflation Contained

We expect inflation in Ethiopia to remain relatively sTable over the coming quarters, hovering broadly between 7.0 and 9.0% y-o-y. The view is based primarily on a relatively benign outlook for food prices due to favourable agricultural production prospects in the months ahead.

Fiscal Policy

Moderate Fiscal Deficits Ahead, But Challenges Await

We predict that Ethiopia will sustain a moderate, but sTable fiscal shortfall over the medium term in the region of 2.0%-3.0% of GDP. Restrained recurrent spending will allow for continued emphasis on capital expenditure as the government drives ahead with its Growth and Transformation plan.

Table: FISCAL POLICY

CHAPTER 3: 10-YEAR FORECAST

The Ethiopian Economy To 2023

Strong Growth Ahead, But Limits To State Model

Underpinned by an ambitious public investment programme, Ethiopia has witnessed consistently high rates of real GDP growth over the last decade. In the years ahead, we expect growth to remain robust, albeit well below 2004-2013 levels, with infrastructure investment and private consumption at the core. Nevertheless, we believe that imbalances arising from the state-dominated nature of the economy will continue to pose a risk to long-term growth.

Table: Long-Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

+357 96 030922
info@marketpublishers.com

CHAPTER 5: BMI GLOBAL ASSUMPTIONS

+357 96 030922
info@marketpublishers.com

I would like to order

Product name: Ethiopia Business Forecast Report Q2 2014

Product link: https://marketpublishers.com/r/E864A5F48FBEN.html

Price: US$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page https://marketpublishers.com/r/E864A5F48FBEN.html