

# Nigeria Business Forecast Report Q3 2014

<https://marketpublishers.com/r/N5E0D88573CEN.html>

Date: April 2014

Pages: 48

Price: US\$ 1,195.00 (Single User License)

ID: N5E0D88573CEN

## Abstracts

### Core Views

Nigeria's economy was the world's 24th largest economy in 2013 after the results of a recalculation of GDP were announced in early April 2014. The change represents the evolution of Nigeria's economy over recent years with secondary and tertiary industries now contributing a larger share of GDP. The agriculture sector is not only smaller relative to GDP than previously thought but is also growing more slowly suggesting that agricultural reforms have not been as successful as many assumed. Despite being measured from a much higher base, we believe that the economy will continue to expand by around 7.0% per year over the next few years as the contribution of the sluggish oil sector has been taken up by more dynamic industries such as manufacturing and services.

Nigeria is facing several challenges in the lead-up to the 2015 election, any one of which could pose a threat to broad political stability and economic development. However, we believe that the country will be able to navigate these issues and avoid disaster. Nonetheless, we note that reform of the political system will be crucial if the country is to reduce its susceptibility to these kinds of risks.

Nigeria's balance of payments position is under pressure due mainly to large outflows of capital. Rather than being the result of foreigners withdrawing from the country, the data suggest that this is the result of Nigerians sending money abroad. With political and macroeconomic uncertainty likely to persist until after the election in early 2015, we believe that this pressure will remain in place for the remainder of 2014.

We believe the Central Bank of Nigeria's decision to raise the private sector cash reserve requirement but leave the public sector CRR and benchmark policy rate unchanged was an attempt to demonstrate that tight policy will remain the order of the

day following the removal of Sanusi Lamido Sanusi. We do not expect that the decision will have a meaningful impact on financial markets or the economy. However, we believe that the authorities will tighten policy more aggressively in the months ahead, in a bid to stave off depreciatory pressure on the currency.

### **Major Forecast Changes**

No major forecast changes

## Contents

Executive Summary  
Core Views  
Major Forecast Changes  
Key Risks To Outlook

### CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis  
BMI Political Risk Ratings  
Domestic Politics  
Political Risks To Persist Ahead Of 2015 Elections

Nigeria is facing several challenges in the lead-up to the 2015 election, any one of which could pose a threat to broad political stability and economic development. However, we believe that the country will be able to navigate these issues and avoid disaster. Nonetheless, we note that reform of the political system will be crucial if the country is to reduce its susceptibility to these kinds of risks.

### CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis  
BMI Economic Risk Ratings  
Economic Activity  
Larger, More Diversified Economy To Continue Robust Growth

The rebasing of Nigeria's GDP represents the evolution of the structure and size of the economy over time rather than a sudden surge in economic activity. The oil sector's share of GDP has declined while more dynamic, fast-growing sectors such as telecoms, manufacturing and services have been given greater weight.

Table: ECONOMIC ACTIVITY

Table: Key Economic Metrics In 2013, % of GDP Unless Otherwise Stated

Balance Of Payments

Capital Flight Placing Pressure On External Accounts

Nigeria's balance of payments position is under pressure due mainly to large outflows of capital. Rather than being the result of foreigners withdrawing from the country, the data suggest that this is the result of Nigerians sending money abroad. With political and macroeconomic uncertainty likely to persist until after the election in early 2015, we believe that this pressure will remain in place for the remainder of 2014.

Table: CURRENT ACCOUNT

## Monetary Policy

### CR Hike A Symbol Of Prudence, Further Tightening Ahead

We believe the Central Bank of Nigeria's decision to raise the private sector cash reserve requirement but leave the public sector CR and benchmark policy rate unchanged was an attempt to demonstrate that tight policy will remain the order of the day following the removal of Sanusi Lamido Sanusi. We do not expect that the decision will have a meaningful impact on financial markets or the economy. However, we believe that the authorities will tighten policy more aggressively in the months ahead, in a bid to stave off depreciatory pressure on the currency.

Table: MONETARY POLICY

## Key Sector Outlook

### Long-Standing Risks Sap Power Privatisation Drive

We have largely maintained our optimistic forecasts for Nigeria's power sector this quarter and forecast annual average growth in electricity generation of 9% through to 2023. Indeed, with the unbundling of PHCN all but completed, attention is now turning to the auctioning of 10 gas-fired power plants under the NIPP strategy - supporting our upbeat outlook. That said, there are certainly considerable downside risks to our forecasts, as highlighted by concerns about the condition of T&D infrastructure and the fact that the launch of a transitional electricity market (TEM) has been delayed due to disputes over tariffs and gas-supply shortages. We believe that a failure to secure adequate gas feedstock remains the biggest risk to Nigeria's efforts to ramp-up power generation capacity, which is needed to meet huge pent-up demand.

## CHAPTER 3: 10-YEAR FORECAST

### The Nigerian Economy To 2023

#### Infrastructure And Agriculture Hold The Keys

We are forecasting average annual real GDP growth of 7.0% over the next 10 years in Nigeria as a strong non-oil economy will offset a stagnant oil sector. Agriculture, manufacturing, construction and consumer-facing industries are all set to see robust growth in the years ahead. The main risks to the economy stem from a still-volatile political environment and from an uncertain policy climate emanating from an impending change of key personnel at the central bank. A fall in the price of oil could also negatively impact macroeconomic stability.

Table: Long-Term Macroeconomic Forecasts

## CHAPTER 4: BUSINESS ENVIRONMENT

### SWOT Analysis

**BMI Business Environment Risk Ratings****Business Environment Outlook****Institutions**

TABLE: BMI BUSINESS AND OPERATION RISK RATINGS

Table: BMI LEGAL FRAMEWORK RATING

Table: LABOUR FORCE QUALITY

**Infrastructure**

TABLE: AFRICA - ANNUAL FDI INFLOWS

Table: TRADE AND INVESTMENT RATINGS

**Market Orientation**

TABLE: TOP EXPORT DESTINATIONS, US\$m, 2001-2009

**Operational Risk****CHAPTER 5: KEY SECTORS****Food & Drink**Table: Alcoholic Drinks Value /Volume Sales - Historical Data & Forecasts ,  
2011-2018

Table: Food Consumption - Historical Data &amp; Forecasts , 2011-2018

Table: Mass Grocery Retail Sales By Format - Historical Data & Forecasts ,  
2011-2018**Oil & Gas**

Table: Nigeria Oil Production And Consumption Short -Term Forecast , 2012-2017

Table: Nigeria Oil Production And Consumption Long-Term Forecast, 2018-2023

Table: Gas Production , Consumption And Trade Short -Term Forecasts , 2012-2017

**Other Key Sectors**

Table: Pharma Sector Key Indicators

Table: Telecoms Sector Key Indicators

Table: Infrastructure Sector Key Indicators

Table: Freight Key Indicators

**CHAPTER 6: BMI GLOBAL ASSUMPTIONS****Global Outlook****Chinese Economy Under Pressure**

Table: Global Assumptions

Table: Developed States , Real GDP Growth, %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH  
FORECASTS, %

Table: Emerging Markets , Real GDP Gro wth , %

## I would like to order

Product name: Nigeria Business Forecast Report Q3 2014

Product link: <https://marketpublishers.com/r/N5E0D88573CEN.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](mailto:info@marketpublishers.com)

## Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/N5E0D88573CEN.html>