

Tanzania Business Forecast Report Q4 2013

<https://marketpublishers.com/r/T90D1EF0680EN.html>

Date: September 2013

Pages: 41

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

ID: T90D1EF0680EN

Abstracts

Core Views

Robust private consumption and investment spending, combined with weak import growth, will offset an expected subdued performance for exports and keep the Tanzanian economy expanding by more than 7.0% in 2013 and 2014.

Tanzania's current account deficit is set to expand over the coming years as demand for imports surges and gold prices fall. At this juncture, we believe that capital and financial account inflows will be sufficient to cover the forecasted shortfall. The balance of payments position could, however, come under pressure if the current account deficit ends up being wider and/or if capital and financial account inflows end up being lower than we currently anticipate.

We believe the period of disinflation, which has seen price growth fall from 19.8% in December 2011 to 7.5% in July 2013, is coming to an end, as demand-pull pressure and a looser monetary policy will prevent headline inflation from falling much lower than 6.5%. That said, we do not think inflation will head higher rapidly after it has bottomed thanks to prudent monetary policy, a stable shilling and ample food supplies.

Friction between the governments of Tanzania and Rwanda, which has been rising since May, will likely dissipate over the medium term as the incentives for cooperation between the two states outweigh those for hostility. Even so, the volatile situation in the eastern Democratic Republic of the Congo could see tensions between Kigali and Dodoma flare, which would in turn pose a risk to economic and political integration in the East African Community.

Major Forecast Changes

No major forecast changes

Key Risks To Outlook

The major risk to our economic outlook comes from the weather. Poor rains would not only exacerbate tight food supplies (food price inflation was the major driver of rapidly rising headline inflation in 2011) but would also once again hamper hydroelectricity production, raising costs for businesses and, by extension, consumers.

The country's infrastructure deficit is another concern; a failure to make significant progress would very likely hold the economy back from reaching its significant potential.

A meaningful deterioration in Tanzania's investment profile as a result of protests against major investment projects or as a result of a more populist approach to policymaking could deter much-needed foreign investment. Growth would not only be disrupted by the cancellation of projects but also by a deterioration in macro stability that would result from an accompanying balance of payments crisis.

Contents

EXECUTIVE SUMMARY

CORE VIEWS

MAJOR FORECAST CHANGES

Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Ratings

Domestic Politics

Rwanda Spat Resolvable But Risky

Friction between the governments of Tanzania and Rwanda, which has been rising since May, will likely dissipate over the medium term as the incentives for cooperation between the two states outweigh those for hostility. Even so, the volatile situation in the eastern Democratic Republic of the Congo could see tensions between Rwanda and Tanzania flare, which would in turn pose a risk to economic and political integration in the East African Community.

Long-Term Political Outlook

Corruption And Reliance On Foreign Money High On The Agenda

Tanzania will continue to enjoy broad political stability over the coming decade, with little to suggest that the ruling Chama Cha Mapinduzi party's authority will be threatened. That is not to say the 2013-2022 period will be without challenges. Chief among these will be dealing with high levels of corruption and addressing the country's dependence on foreign aid.

TABLE: POLITICAL OVERVIEW

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Ratings

Economic Activity

Domestic Engine Offsetting Weak Exports

Robust private consumption and investment spending, combined with weak import growth will offset an expected subdued performance for exports and keep the

Tanzanian economy expanding by above 7.0% in 2013 and 2014.

TABLE: ECONOMIC ACTIVITY

Balance Of Payments

Current Account On The Rise

Tanzania's current account deficit is set to expand over the coming years as demand for imports surges and gold prices fall. At this juncture, we believe that capital and financial account inflows will be sufficient to cover the forecast shortfall. The balance of payments position could, however, come under pressure if the current account deficit ends up being wider and/or if capital and financial account inflows end up being lower than we currently anticipate.

TABLE: CURRENT ACCOUNT

Monetary Policy

Disinflation Nearing An End

We believe the period of disinflation that has seen price growth fall from 19.8% in December 2011 to 7.5% in July 2013 is coming to an end, as demand-pull pressure and looser monetary policy will prevent headline inflation from falling much lower than 6.5%. That said, we do not think inflation will head higher rapidly after it has bottomed thanks to prudent monetary policy, a stable shilling and ample food supplies.

TABLE: MONETARY POLICY

Fiscal Policy

Tax Increases To Fund Spending

The Tanzanian budget for the 2013/14 fiscal year announced by Finance Minister William Mgimwa on June 13 is expansionary and will be financed by tax increases, especially for telecoms companies that will now face a total burden of 36.5% when including VAT and all other levies. Overall, we think that the budget deficit will reach 6.8% of GDP, higher than the official estimate of 5.9%.

TABLE: FISCAL POLICY

CHAPTER 3: 10-YEAR FORECAST

The Tanzanian Economy to 2022

Strong Long-Term Growth Expected

With the telecoms, food and drink, transport, construction, energy and mining sectors forecast to be drivers of growth in the years ahead, and with conditions supportive for long-run productivity gains in the important agricultural sector, we are projecting robust economic expansion over the next 10 years. The weather is likely to remain the key risk to our outlook owing to the country's dependence on hydroelectricity and the agricultural sector.

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

Market Orientation

TABLE: ANNUAL FDI INFLOWS

TABLE: TRADE AND INVESTMENT RATINGS

TABLE: TOP EXPORT DESTINATIONS, 2004-2011 (US\$MN)

Operational Risk

CHAPTER 5: KEY SECTORS

Pharmaceuticals

TABLE: PHARMACEUTICAL SALES

TABLE: HEALTHCARE EXPENDITURE

TABLE: GOVERNMENT HEALTHCARE EXPENDITURE

TABLE: PRIVATE HEALTHCARE EXPENDITURE

Other Key Sectors

TABLE: OIL & GAS SECTOR KEY INDICATORS

TABLE: TELECOMS SECTOR KEY INDICATORS

TABLE: AUTOS SECTOR KEY INDICATORS

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Lowering EM Growth Forecasts

TABLE: GLOBAL ASSUMPTIONS

TABLE: DEVELOPED STATES, REAL GDP GROWTH, %

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

TABLE: EMERGING MARKETS, REAL GDP GROWTH, %

I would like to order

Product name: Tanzania Business Forecast Report Q4 2013

Product link: <https://marketpublishers.com/r/T90D1EF0680EN.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/T90D1EF0680EN.html>