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Nigeria fastest growing economy among MINTs, say analysts

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Nigeria appears to be ahead of its peers in the MINT, the new economic bloc that has raised hope for investors following the dwindling Brazil, Russia, India and Chinese (BRIC) economies.

The MINT, comprising of Mexico, Indonesia, Nigeria and Turkey (MINT), is seen as a successor to the BRIC which is expected to graduate from an emerging market to a developed economy. It is believed to be a fertile destination for long-term investors, according to Samir Gadio, emerging markets strategist at Standard Bank, London.

“We believe Nigeria is the fastest growing economy when compared to other MINTs, considering its strongest fiscal balance, lowest public debt, and the only country with a current account surplus as all other MINTs currently have deficits”, Yvonne Mhango, director, sub-Saharan African economist at Renaissance Capital told BusinessDay.

Experts believe that government’s ability to implement market-oriented reforms such as modernisation of the banking systems, elimination of subsidies as urged by the International Monetary Fund (IMF), in recent time, have played vital roles in positioning the country for a “take off”.

Investment opportunity among the MINTs is quite massive, especially for very vibrant economies like Nigeria, which is currently utilising its huge population potential currently over 160 million, behind Indonesia’s 240 million and above Mexico’s and Turkey’s 112 million and 75 million, respectively, to attract foreign investors, analysts say.

Nigeria’s huge population potential has enabled it gulp a good percentage of foreign investment in Africa over the last decade.

Recent reports put Nigeria’s foreign direct investment (FDI) at $8.9 billion which is estimated to be 16 percent of Africa’s total FDI. Indonesia can only boast of FDI worth $5.9 billion while Mexico FDI has being losing steam early 2013 amid fears of tax hikes in USA. Turkey FDIs have slightly reduced to $8 billion since the beginning of 2013. Equally, Mexico’s FDI has tumbled from $21.5 billion in 2011 to $12.7 billion in early 2013.

Nigeria’s 7.2 percent Gross Domestic Product (GDP) growth which has been predicted to be upwardly revised year end 2013 is only second to Turkey’s 8.5 percent but exceeds Mexico’s 5.5 percent and Indonesia’s 6.2 percent. Studies also show that Nigeria’s current $7 billion gross external debt is minimal compared to Turkey’s $274 billion, Mexico’s $341 billion public debt and Indonesia’s $213 billion. Given the above, Nigeria’s fiscal deficit was projected to improve to about 1.85 percent of GDP in 2013, compared to 2.85 percent in 2012.

In addition, Nigeria’s 18.8 percent of GDP to public debt is also the lowest compared to Indonesia’s 24.8 percent, Mexico’s 35.4 percent and Turkey’s 40.4 percent.

While some analysts fear for the country’s inflation rate, the recent release which pegs the country’s inflation rate at 9.5 percent have showed positive signs of Nigeria’s determination to spear head economic growth among other MINTs.

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One Response to *Nigeria fastest growing economy among MINTs, say analysts*