

Consumer data assists with investment in Africa

Combining top down data such as GDP, with bottom up data such as consumer confidence, can yield better investment decisions in Africa.



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Kasi Insight has released a whitepaper report for emerging markets investors and fund managers entitled *Improve Investment Decision in Africa using Consumer Confidence Data*.

Given the relatively low growth rates in the developed markets (Europe, US), the argument for investing in less mature economies is strong. Investing in frontier market economies such as Kenya, Uganda or Ghana offers the potential to earn attractive long-term returns.

For those willing to be patient and willing to take the road less travelled, these markets offer investment opportunities with higher growth rates and often attractive valuations.

Given that capital markets are still in their infancy in Africa, it is not easy to make investment decisions and take positions in these markets. The investment process can be lengthy and difficult due to the lack of reliable and actionable data.

Most investors will say there is still a lack of data on Africa that is accurate, reliable, independent and current. The African consumer, who is the main driver of future growth in Africa, is not very well understood.

Africa Capital Group, an Africa fund manager based in San Diego (USA), partnered with KASI Insight to evaluate KASI's monthly consumer confidence index in terms of its predictive strength. Of particular interest was:

1. To examine whether the confidence score accurately affirmed a decline or increase in the level of economic growth.
2. Whether the prediction of the confidence index aligned with existing macro forecasts of public and commercial data providers.

The white paper covers:

- The challenges of investing in African countries and sectors.
- The importance of consumer confidence data.
- A case study: what consumer confidence data is revealing about the Ivory Coast market.
- We examine whether the confidence score accurately signals a decline or increase in the level of economic growth and can thus be used as a lagging indicator.
- We test the consensus forecast of economic growth for specific countries.

"We are thrilled to be working with frontier investors and managers like Africa Capital Group to support their investment decision process in Africa by providing much-needed bottom-up data," says Yannick Lefang, founder and CEO of Kasi Insight.

The report can be downloaded for free at www.kasiinsight.com/white-papers/. Kasi Insight is an award-winning consumer research, data analytics and advisory firm focusing on Africa. It solves problems that present challenges for most firms doing business in Africa – lack of fresh local market data, slow project turnarounds, and a need for contextual insight and innovative research methods.

Source: [*Kasi Insight Brief*](#).

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