Macroeconomic Developments and Outlook

ASSOCIATION OF ASSET CUSTODIANS OF NIGERIA (AACN) INVESTORS DAY  JUNE 16, 2021

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The views expressed here do not necessarily represent the views of the IMF board or its staff.
Real Economy Took a Big Hit in 2020

Real GDP growth, 2020
(annual percentage change)

Unemployment and inflation

Sources: IMF, World Economic Outlook April 2021.
Higher Deficits and Debt, Rating Downgrades

Fiscal and current account deficits (percent of GDP)

Public debt (percent of GDP)

2020 Sovereign rating actions

Sources: Nigerian Authorities, Central Bank of Nigeria and IMF staff calculations.

Sources: Fitch Connect
Global Economy is Projected to Recover in 2021

Real GDP growth, 2020 and 2021
(annual percentage change)

Sources: IMF, World Economic Outlook April 2021.
Positive Signs in Nigeria

Nigeria: Quarterly real GDP growth by sector (percent, y-o-y)

Sources: Haver, NBS

Nigeria: Purchasing Manager Index (index number, <50 indicates contraction)

Sources: Haver, CBN, Stanbic.
Particularly with Rising Oil Prices

Daily oil prices
(USD per barrel)

Sources: Bloomberg.

Nigeria: Oil price and growth

Sources: IMF staff calculation.
Recovery Projected for 2021, Subdued MT

Nigeria, Real GDP Growth and Composition

Real GDP Level

Sources: Haver and IMF Staff Calculations

Sources: IMF Staff Calculations
Risks Mostly on the Downside

Downside Risks

• **COVID-19**: Possible surges and lockdown, access to adequate vaccine

• **Security challenges**: Could become macro-critical

• **Continued high inflation**: Weighing down domestic demand/consumption

• **FX shortage/uncertainties**: If foreign investors stay away for too long

Upside Risks

• **Dangote refinery and PIB**: Could boost growth if additional oil production/investment

• **More decisive reforms**: stronger revenue administration efforts and FX reforms
Fuel Subsidies

**Monthly fuel prices**
(in Naira per Liter)

**Monthly fuel subsidies**
(in billions of Naira)

Sources: NBS, Bloomberg, CEIC.

Sources: IMF staff calculation..
Fiscal Financing and CBN Overdraft

Fiscal Financing Sources
(in billions of Naira)

Sources: Authorities data and IMF staff calculation.
FX Shortage and External Sustainability

FX Supply and Imports
(in billions of USD)

Sources: CBN, FMDQ, IMF Information Notice System database and Staff calculations.
Monetary Policy: De-facto Tightening?

Excess Reserve Ratio and Credit Growth
(Percent)

Sources: CBN, DMO.
Thank you for your attention

Additional information on IMF activities can be found at