Nigeria: Outlook and Priorities

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The Economy Contracted in 2020

Real GDP growth, 2020
(annual percentage change)

Sources: IMF, World Economic Outlook January 2021 (latest for Nigeria)

Unemployment and inflation

Higher Deficits and Debt, Rating Downgrades

Fiscal and current account deficits (percent of GDP)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall fiscal balance</td>
<td>-7</td>
<td>-6</td>
</tr>
<tr>
<td>Current account balance</td>
<td>-5</td>
<td>-4</td>
</tr>
</tbody>
</table>

Public debt (percent of GDP)

<table>
<thead>
<tr>
<th></th>
<th>end-2019</th>
<th>end-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public external debt</td>
<td>30</td>
<td>35</td>
</tr>
</tbody>
</table>

2020 Sovereign rating actions

- 26 Mar 2020: S&P Downgrade B- (from B)
- 06 Apr 2020: Fitch Downgrade B (from B+)
- 15 Apr 2020: Moody’s Affirmation B2
- 30 Sep 2020: Fitch Affirmation B

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 January 2021.
Developments in Nigeria also Pointing Upward

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

Sources: Haver and IMF Staff Calculations

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

Sources: Haver, CBN.
Particularly with Rising Oil Prices

Daily oil prices (USD per barrel)

Nigeria: Oil price and growth

Sources: Bloomberg.

Sources: IMF staff calculation.
Near-Term Risks from the Pandemic.

Vaccination plan
- National Vaccine Deployment Plan in place
- Goal is to vaccinate 40% of population in 2021 and 70% by 2022
- Two main platforms: WHO’s COVAX and AU’s COVID-19 Vaccine Deployment and Access Strategy

Challenges
- Securing adequate doses
- Operational difficulties
- Financing

Sources: Our World In Data.

Nigeria: Daily new cases of COVID-19

- Daily new cases
- 7-day moving average
...Rising Inflation...

**Nigeria: Headline, Food and Core Inflation**
*(y-o-y, in percent)*

Sources: NBS.

**Nigeria: Regional Inflation and Mobility**
*(y-o-y, in percent)*

Sources: NBS and Google.
...And Weak Investor Sentiment

Nigeria: Capital inflows
(USD million)

Sources: CBN.

Nigeria: Stock of OMO bills and holders
(Naira billion)

Sources: CBN, custodian data.
Top Policy Priorities are Domestic Revenue Mobilization

Nigeria: FGN interest payments to revenue

Sources: Nigerian authorities and IMF staff calculations and projections.

Financing of Federal Government’s Deficit
(Billions of Naira)
... And Exchange Rate Reforms

Nigeria: Daily turnover in the I&E FX window
(USD million, monthly average)

Nigeria: Exchange rates
(Naira per USD, daily)

Sources: CBN, FMDQ.