Nigeria: Macroeconomic Developments and Outlook

RMB INVESTORS CONFERENCE CALL

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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)

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall fiscal balance</th>
<th>Current account balance</th>
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<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
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<tr>
<td>2020</td>
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**Public debt**

(percent of GDP)

<table>
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<tr>
<th>Year</th>
<th>Public external debt</th>
</tr>
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<tbody>
<tr>
<td>end-2019</td>
<td></td>
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<tr>
<td>end-2020</td>
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</tbody>
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**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 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: Stanbic.
Particularly with Rising Oil Prices

Daily oil prices
(USD per barrel)

Nigeria: Oil price and growth

Sources: Bloomberg.

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)

- Excess reserve ratio
- Private Sector Credit Growth Q/Q (3m rolling window)
- Private Sector Credit Growth Q/Q (rolling window, adjusted for FX valuation change)

Sources: CBN, DMO.

MPR and Lending & Deposit Rates
(Percent per annum)

FGN Bond Yields
(percent, monthly average)

Sources: CBN, DMO.
Macroeconomic Developments