



# **Nigeria: Macroeconomic Developments and Outlook**

**RMB INVESTORS CONFERENCE CALL**

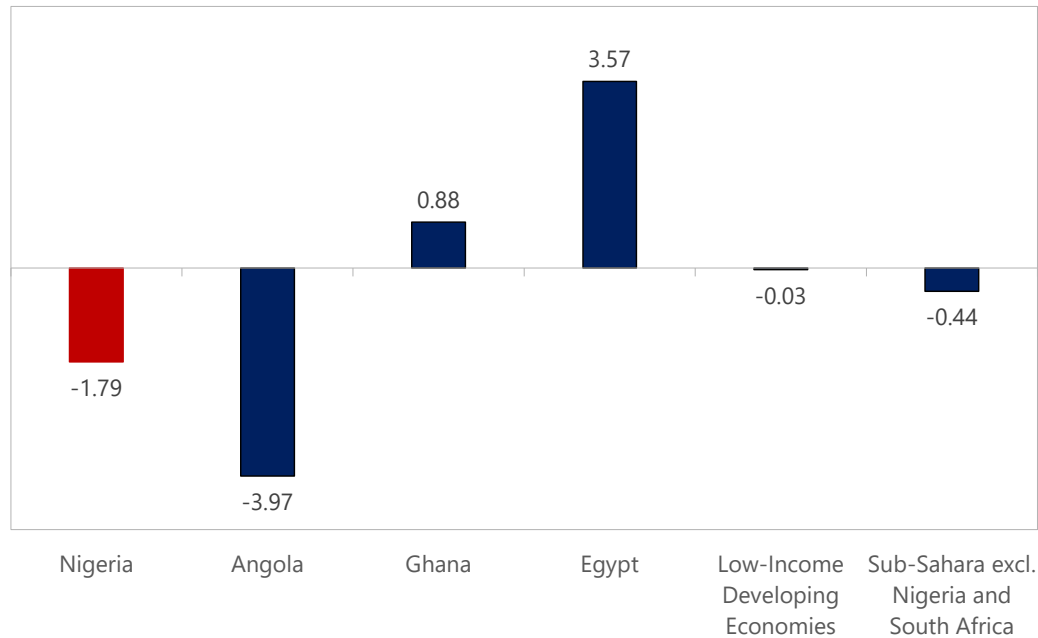
**JULY 15, 2021**

**Ari Aisen  
Resident Representative  
International Monetary Fund**

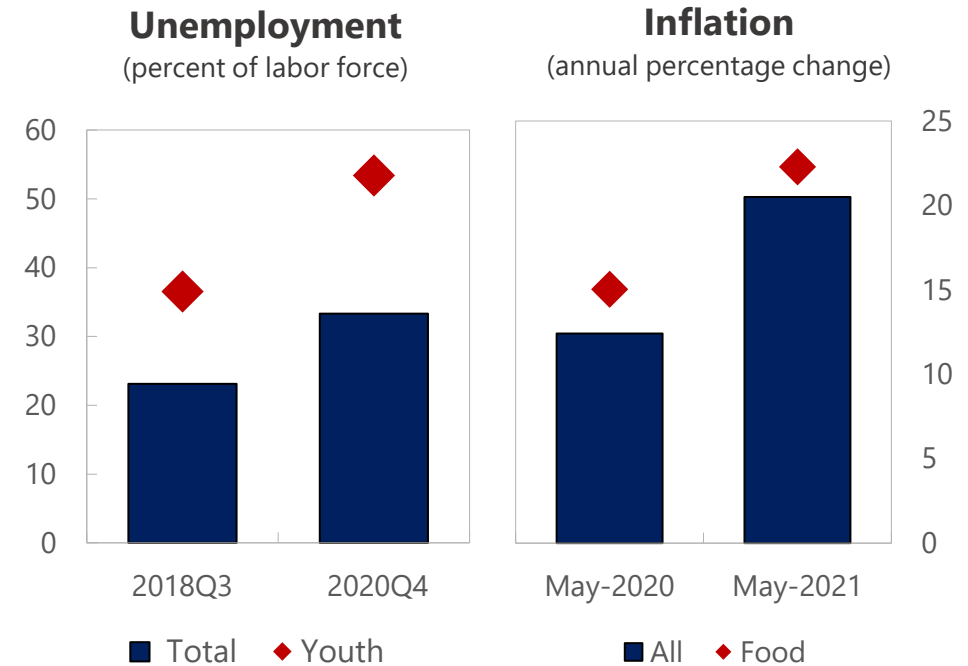
The views expressed here do not necessarily represent the views of the IMF board or its staff.

# Real Economy Took a Big Hit in 2020

Real GDP growth, 2020  
(annual percentage change)



Unemployment and inflation

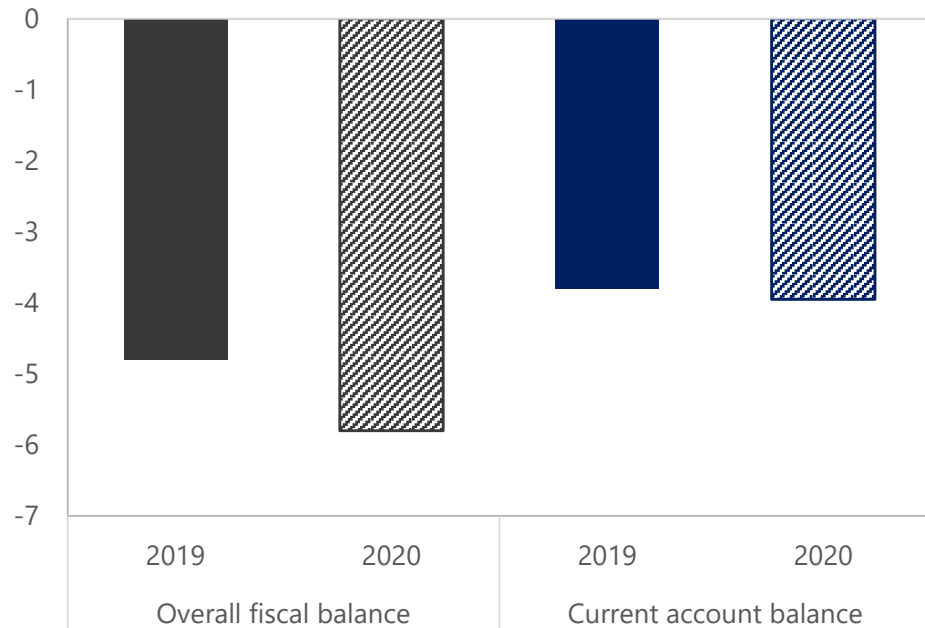


Sources: IMF, *World Economic Outlook* April 2021.

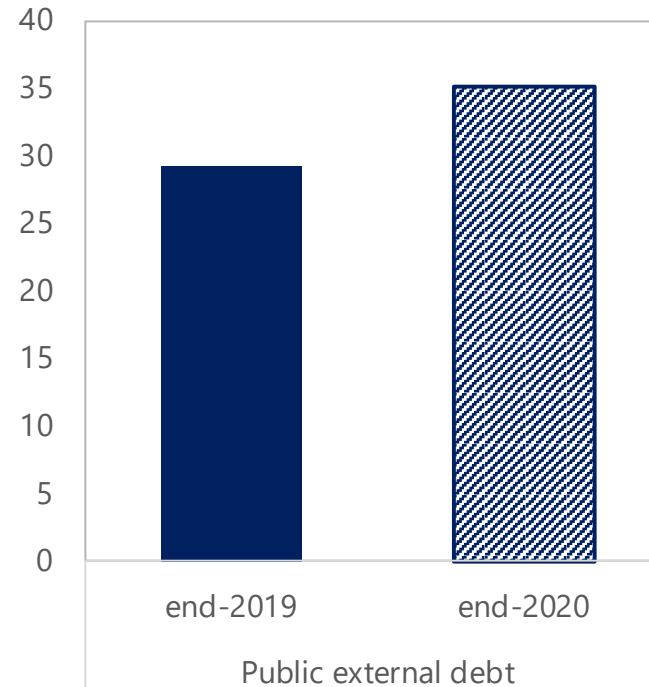
Sources: National Bureau of Statistics, Haver.

# Higher Deficits and Debt, Rating Downgrades

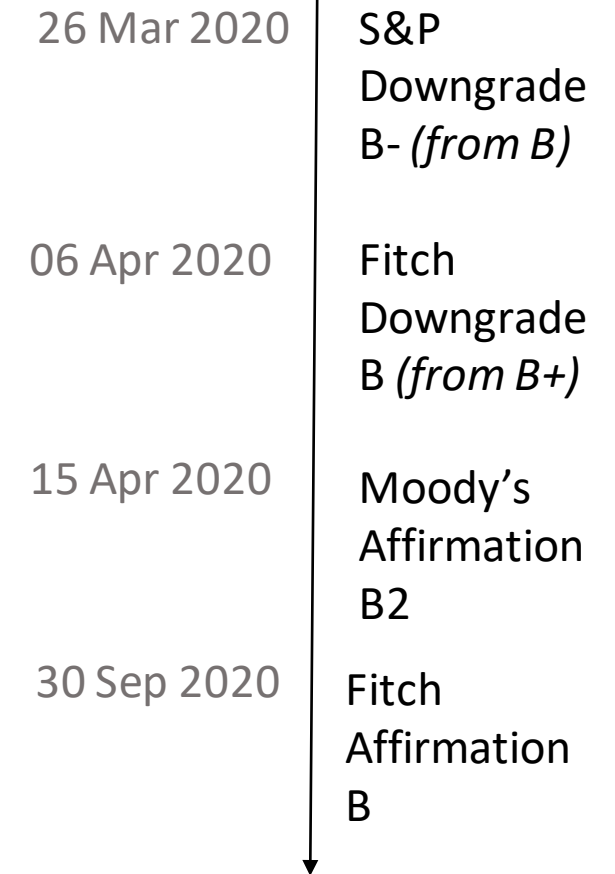
Fiscal and current account deficits  
(percent of GDP)



Public debt  
(percent of GDP)



2020 Sovereign rating actions

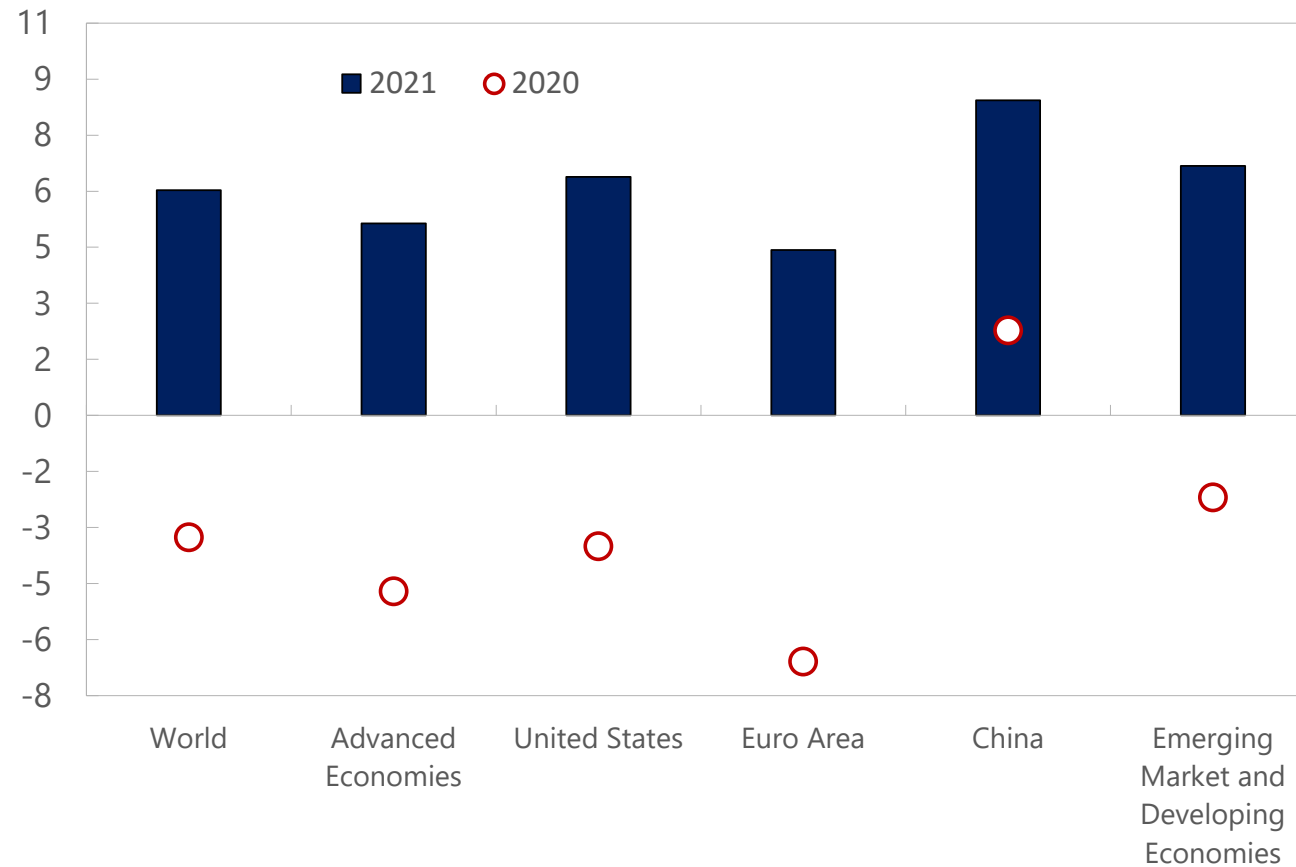


Sources: Nigerian Authorities, Central Bank of Nigeria and IMF staff calculations.

Sources: Fitch Connect

# Global Economy is Projected to Recover in 2021

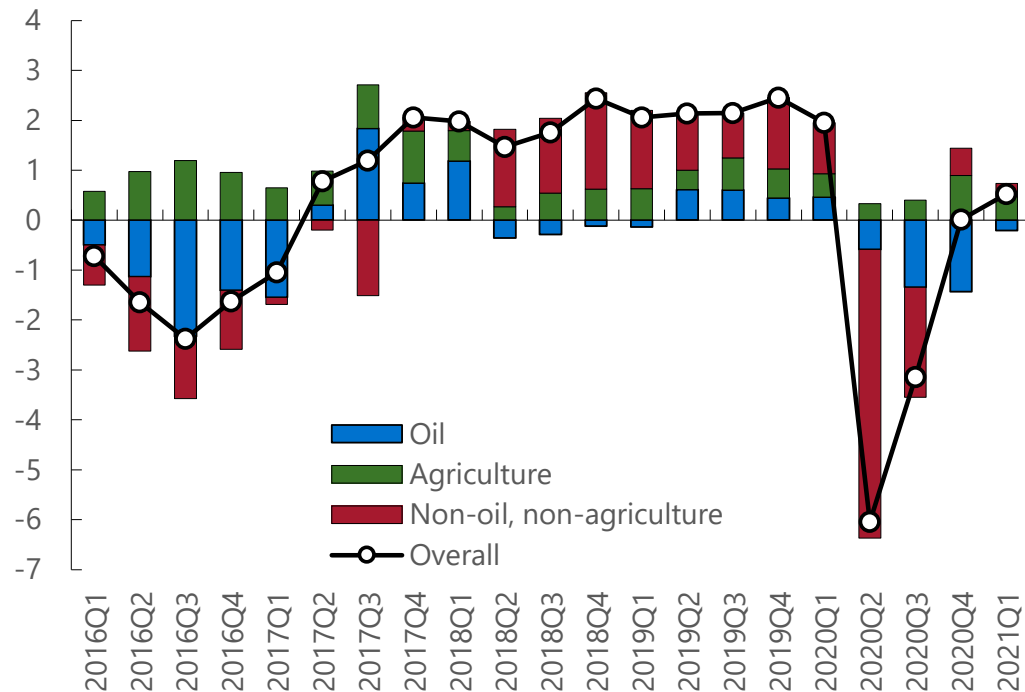
Real GDP growth, 2020 and 2021  
(annual percentage change)



Sources: IMF, *World Economic Outlook* April 2021.

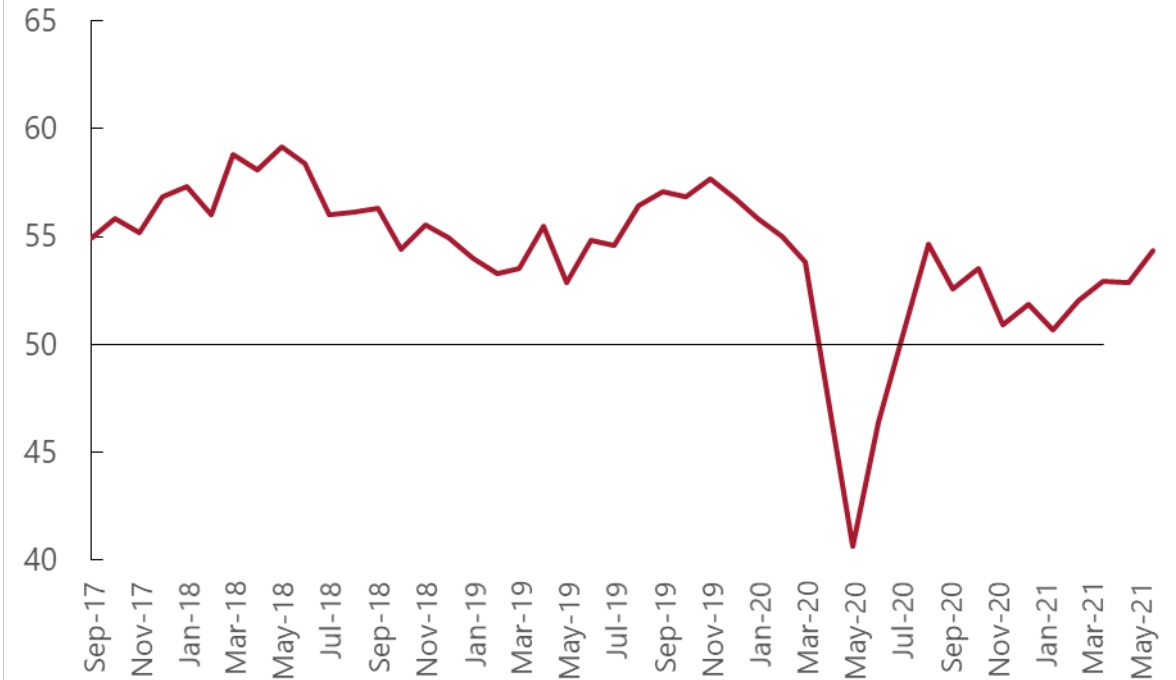
# Positive Signs in Nigeria

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



Sources: Haver, NBS

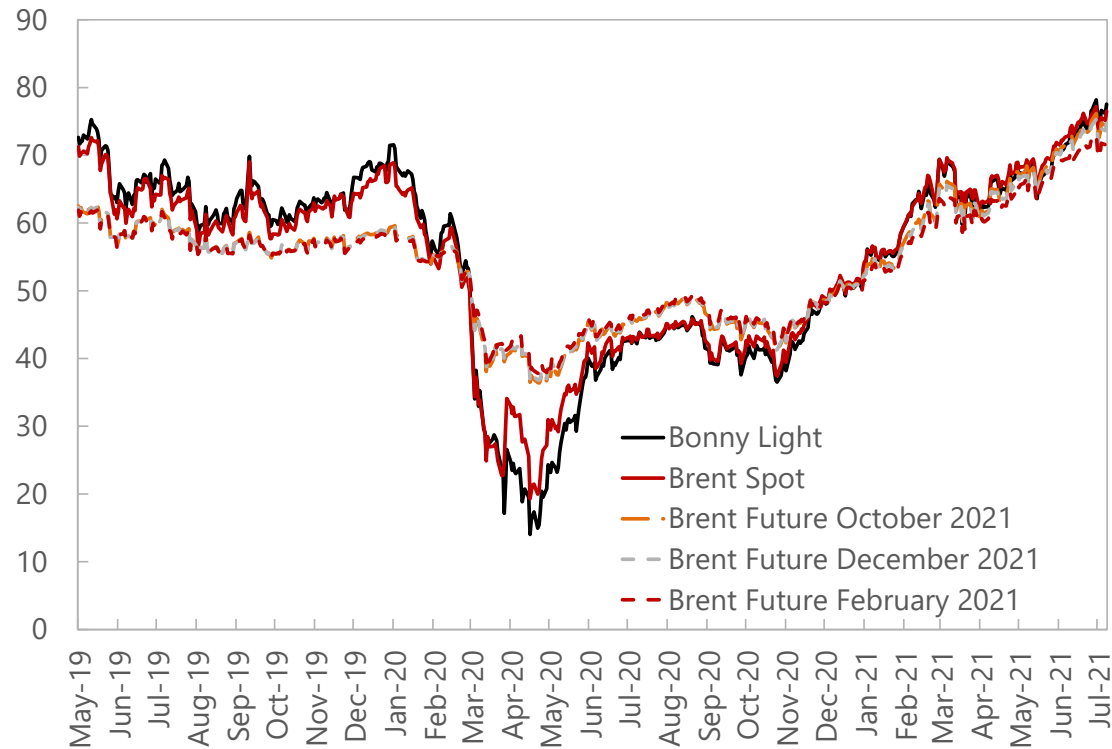
Nigeria: Purchasing Manager Index (index number, <50 indicates contraction)



Sources: Stanbic.

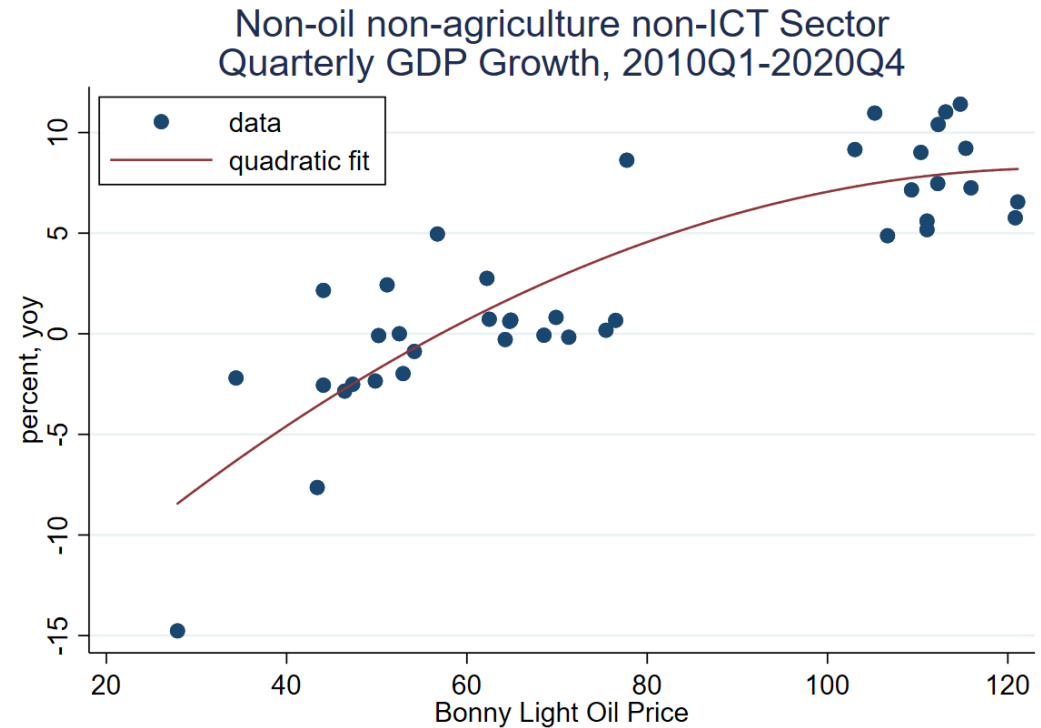
# Particularly with Rising Oil Prices

## Daily oil prices (USD per barrel)



Sources: Bloomberg.

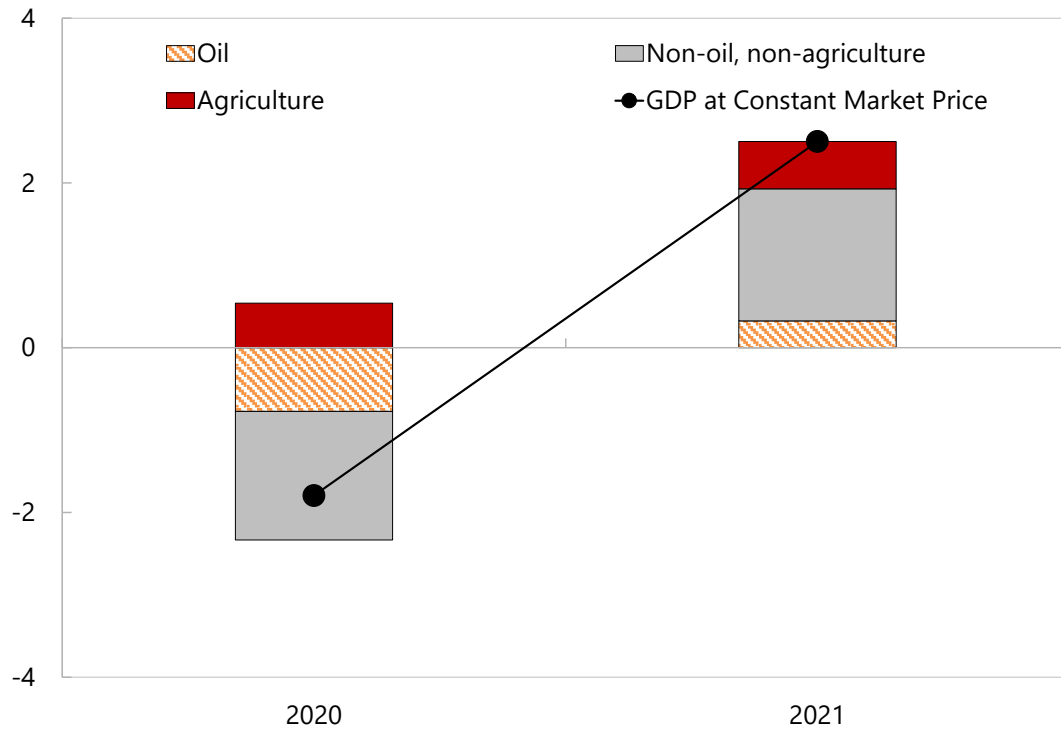
## Nigeria: Oil price and growth



Sources: IMF staff calculation..

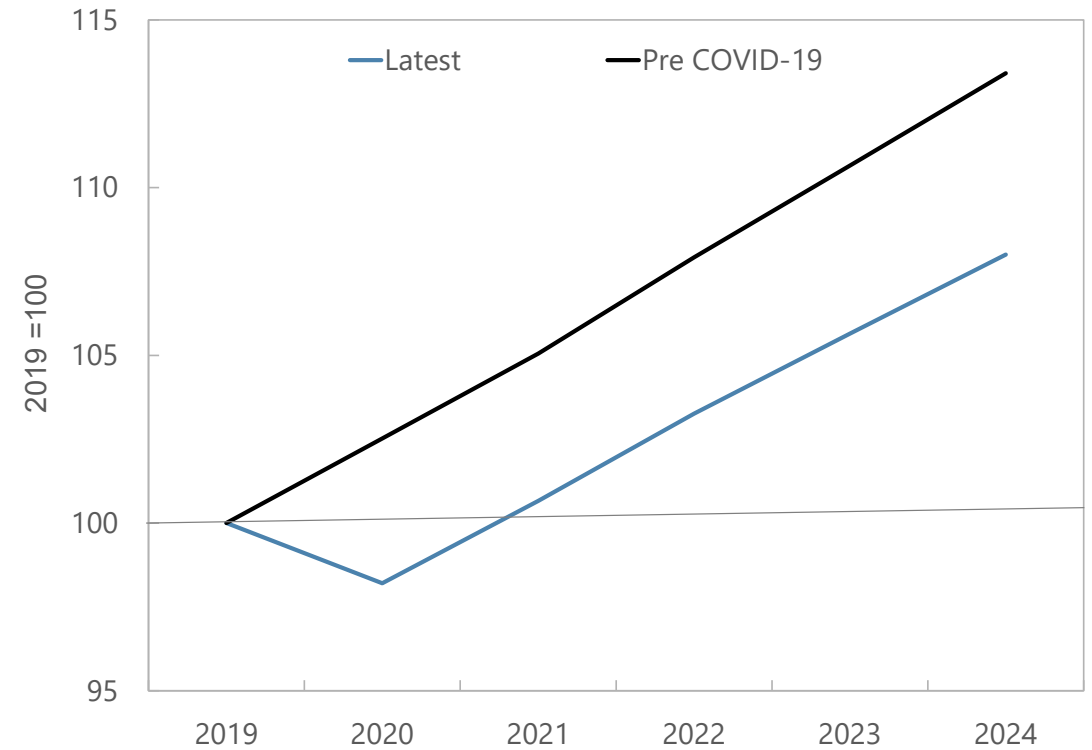
# Recovery Projected for 2021, Subdued MT

## Nigeria, Real GDP Growth and Composition



Sources: Haver and IMF Staff Calculations

## Real GDP Level



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

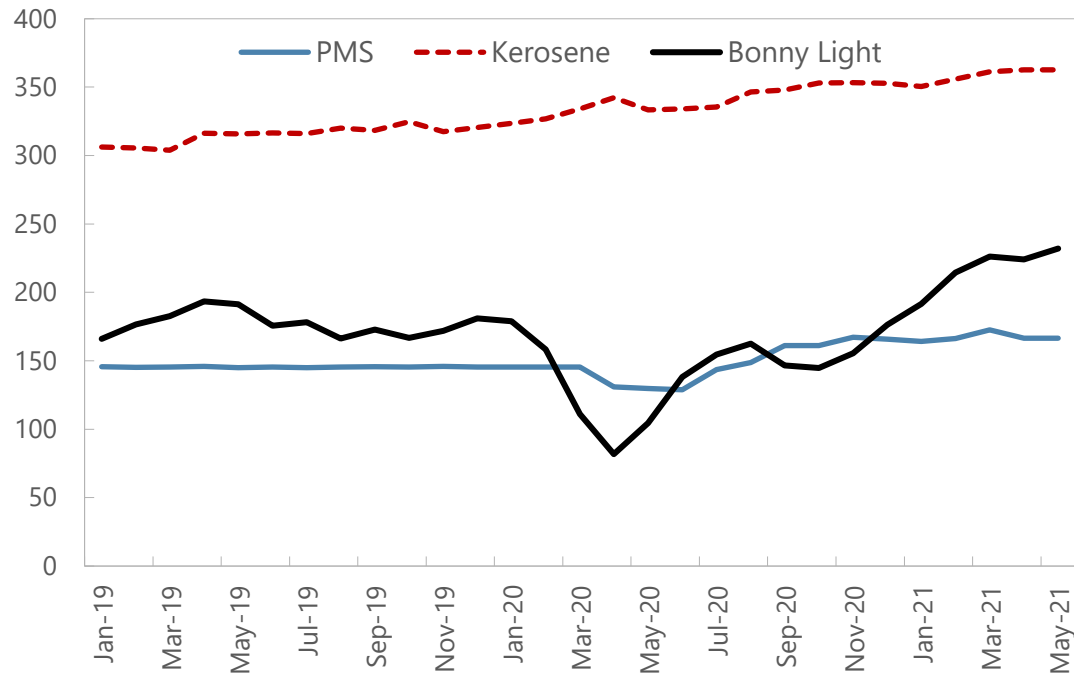
## Upside Risks

- **Dangote refinery and PIB:** Could boost growth if additional oil production/investment
- **More decisive reforms:** stronger revenue administration efforts and FX reforms



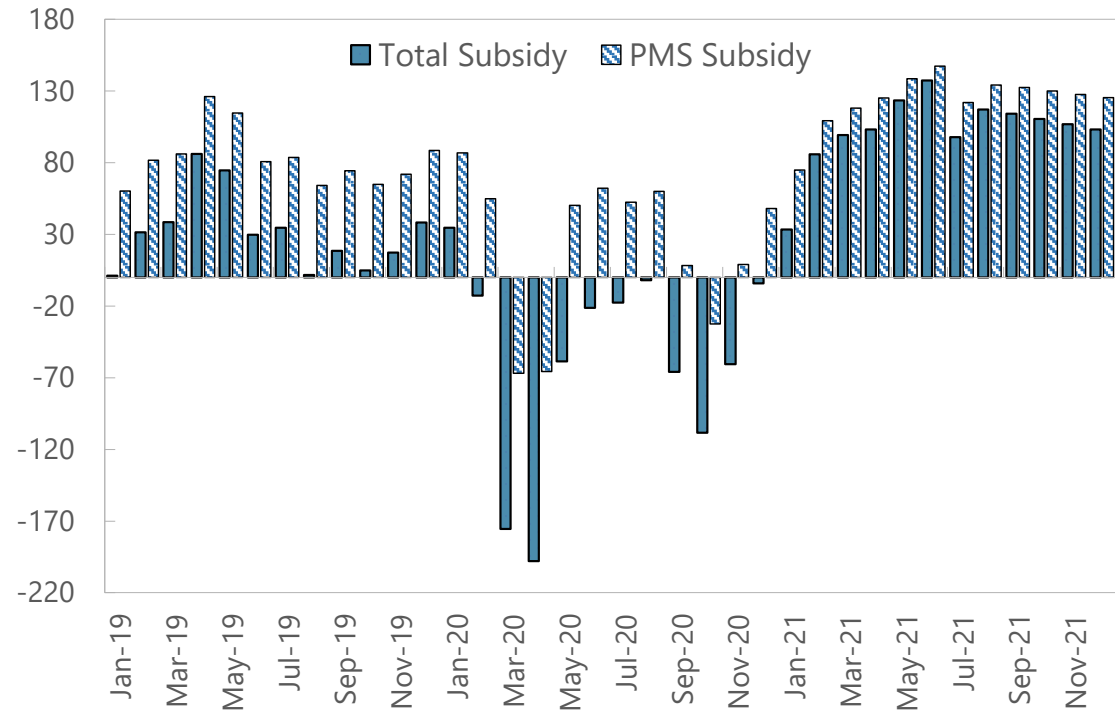
# Fuel Subsidies

## Monthly fuel prices (in Naira per Liter)



Sources: NBS, Bloomberg, CEIC.

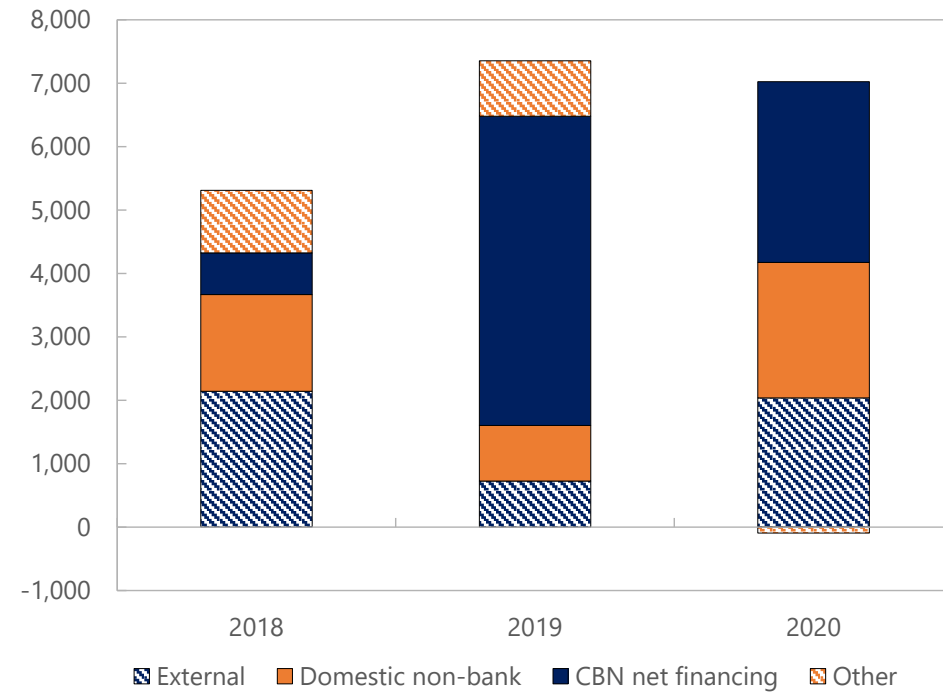
## Monthly fuel subsidies (in billions of Naira)



Sources: IMF staff calculation..

# Fiscal Financing and CBN Overdraft

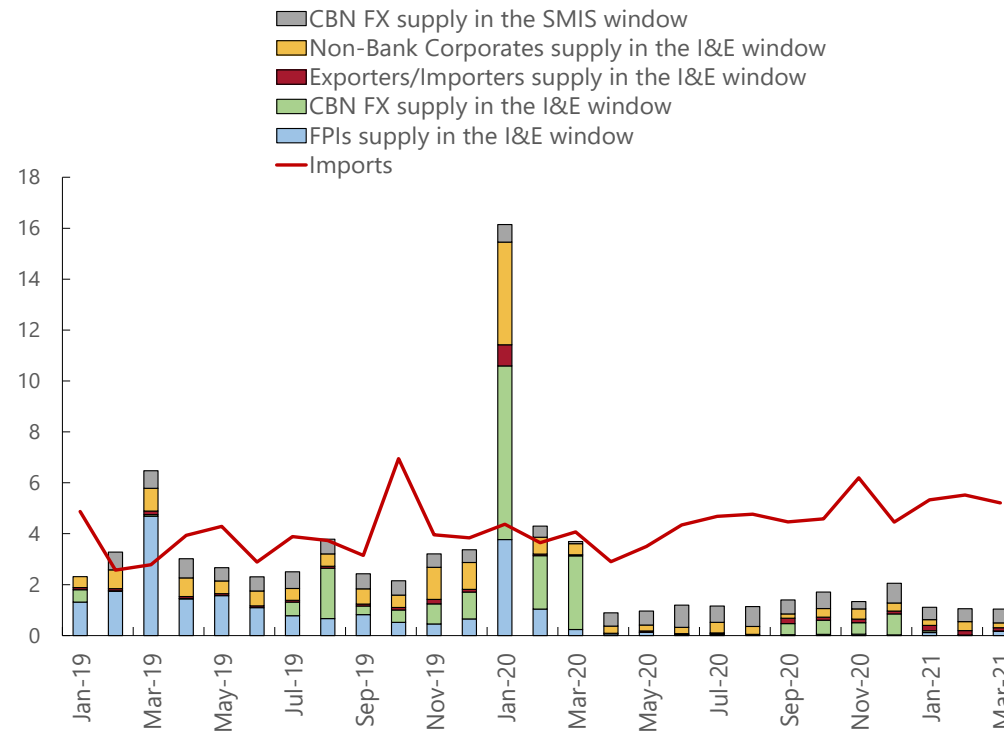
## Fiscal Financing Sources (in billions of Naira)



Sources: Authorities data and IMF staff calculation.

# FX Shortage and External Sustainability

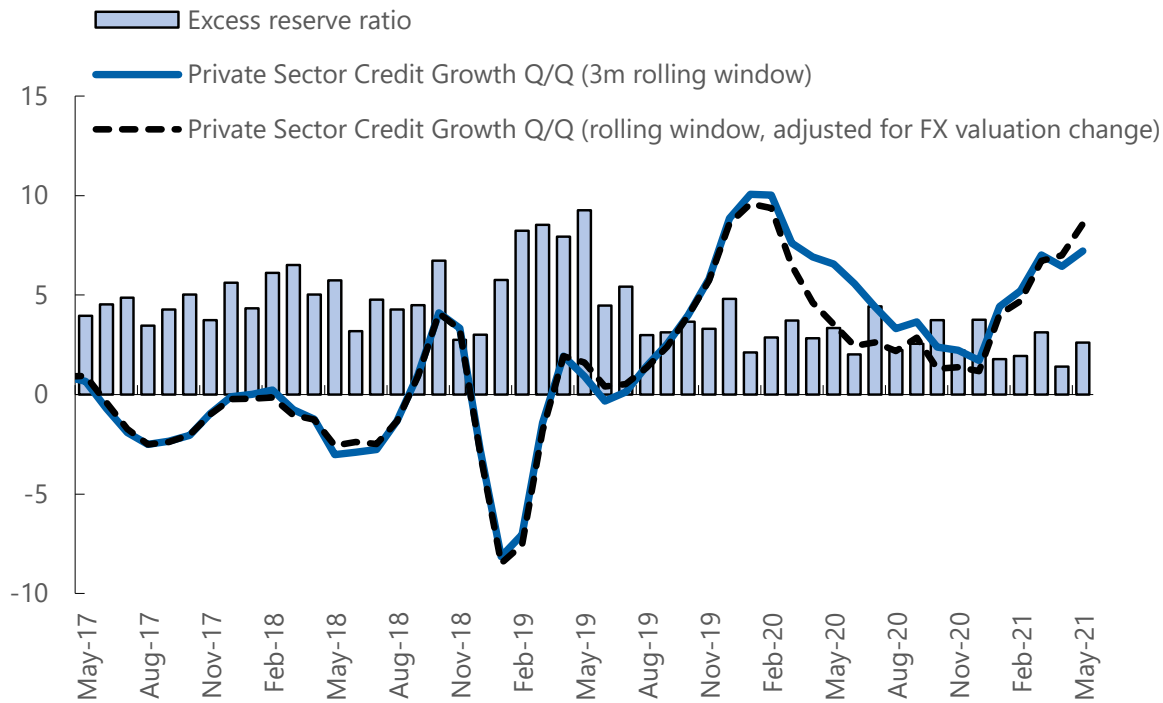
## FX Supply and Imports (in billions of USD)



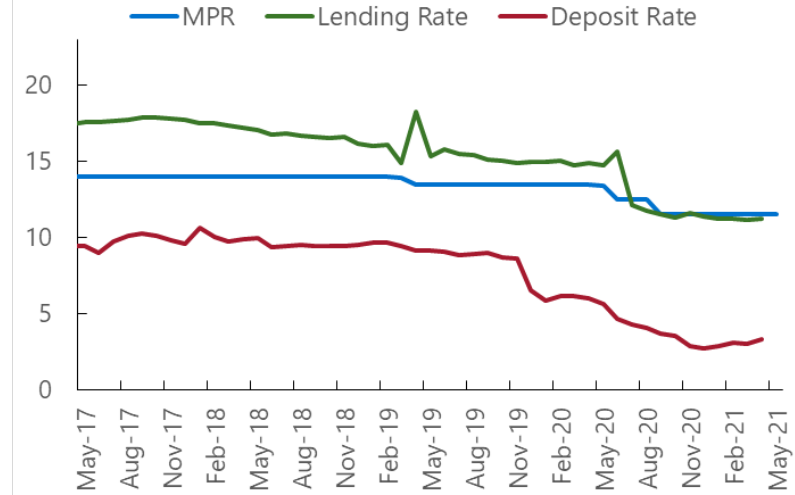
Sources: CBN, FMDQ, IMF Information Notice System database and Staff calculations.

# Monetary Policy: De-facto Tightening?

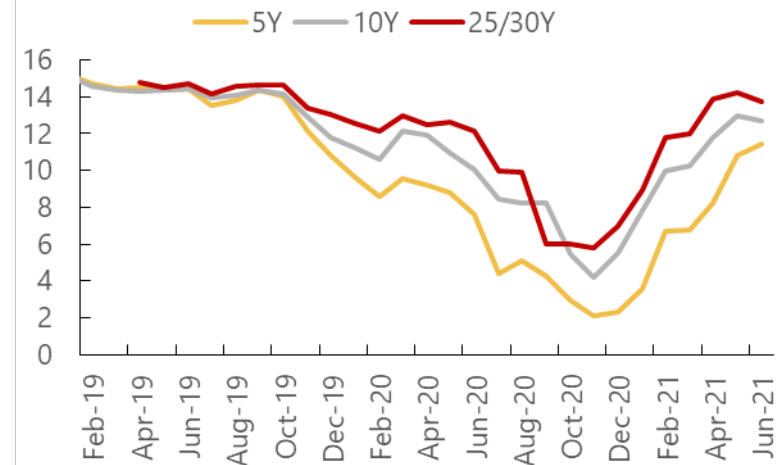
**Excess Reserve Ratio and Credit Growth**  
(Percent)



**MPR and Lending & Deposit Rates**  
(Percent per annum)



**FGN Bond Yields**  
(percent, monthly average)



Sources: CBN, DMO.

