



Macroeconomic Developments and Outlook

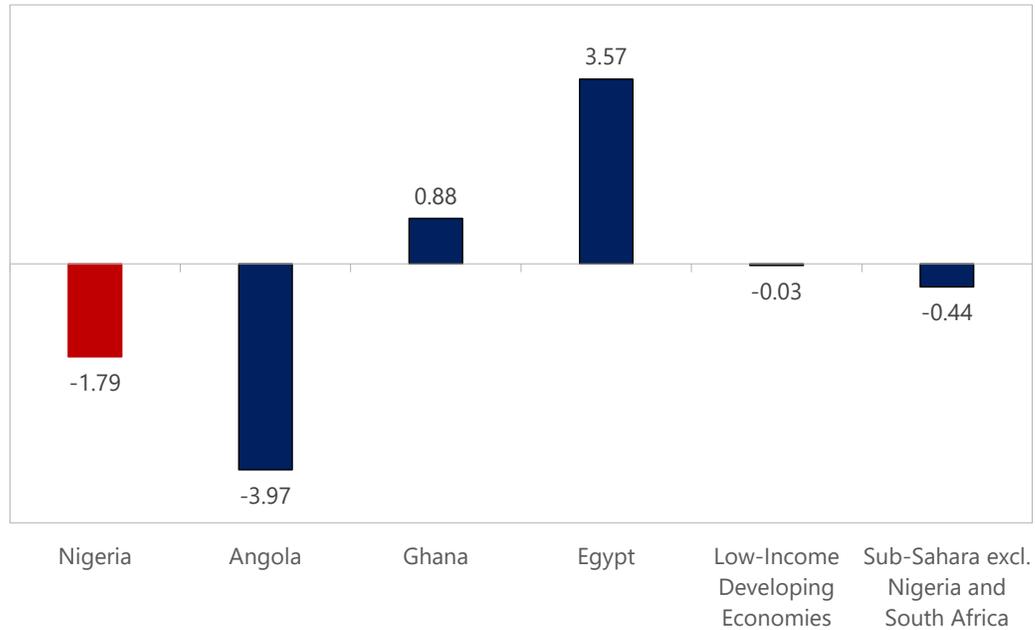
**ASSOCIATION OF ASSET CUSTODIANS OF
NIGERIA (AACN) INVESTORS DAY JUNE 16,
2021**

Ari Aisen
Resident Representative
International Monetary Fund

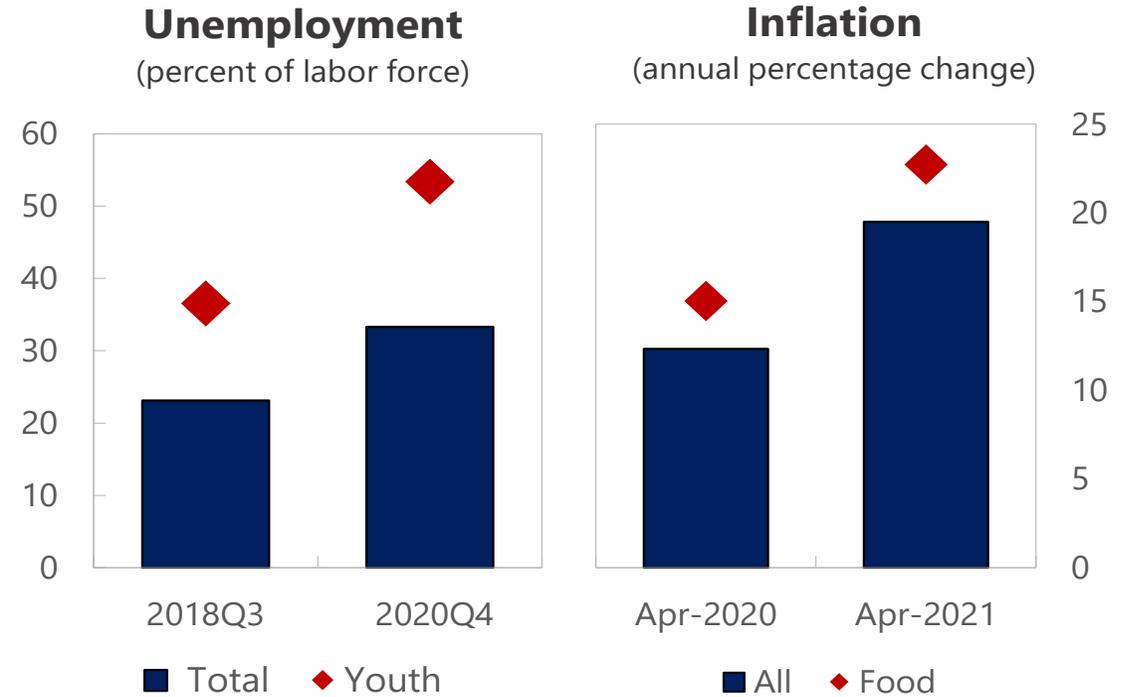
The views expressed here do not necessarily represent the views of the IMF board or its staff.

Real Economy Took a Big Hit in 2020

Real GDP growth, 2020
(annual percentage change)



Unemployment and inflation

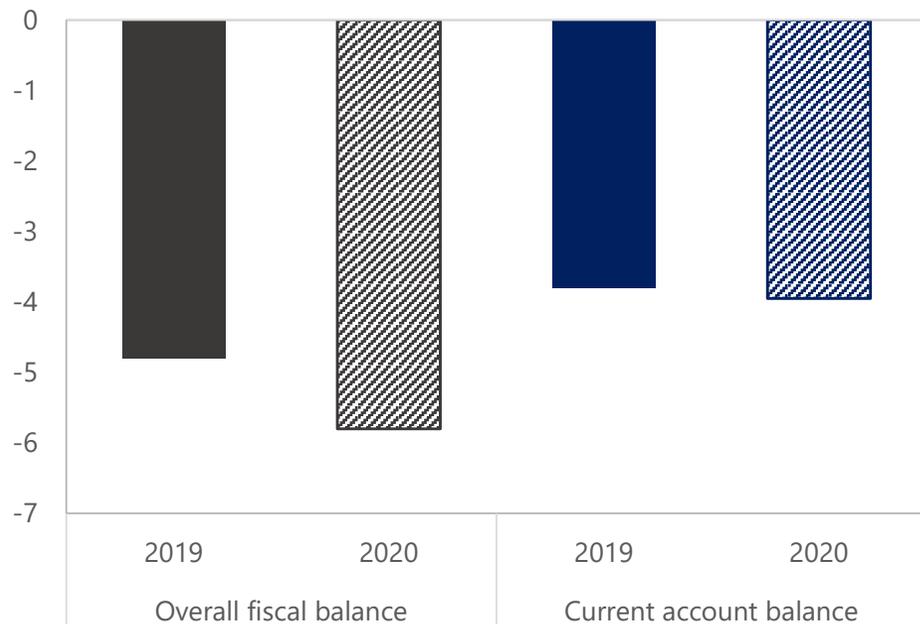


Sources: IMF, *World Economic Outlook* April 2021.

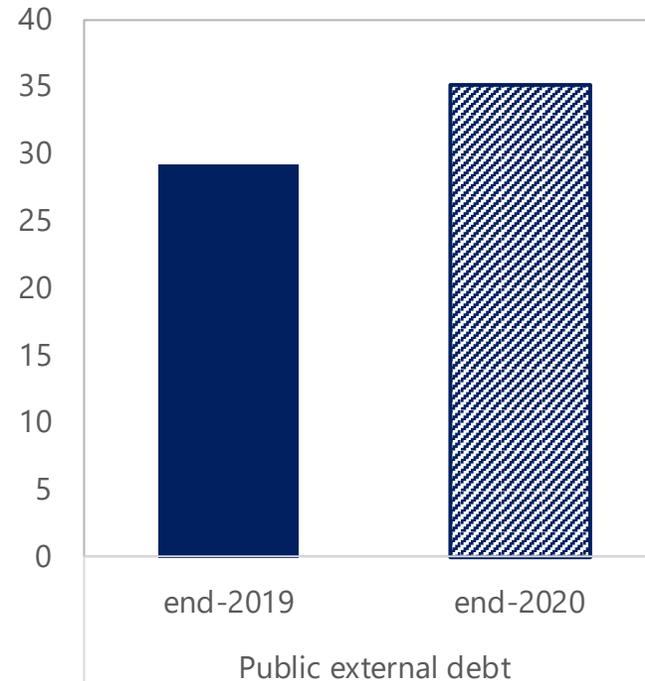
Sources: National Bureau of Statistics, Haver.

Higher Deficits and Debt, Rating Downgrades

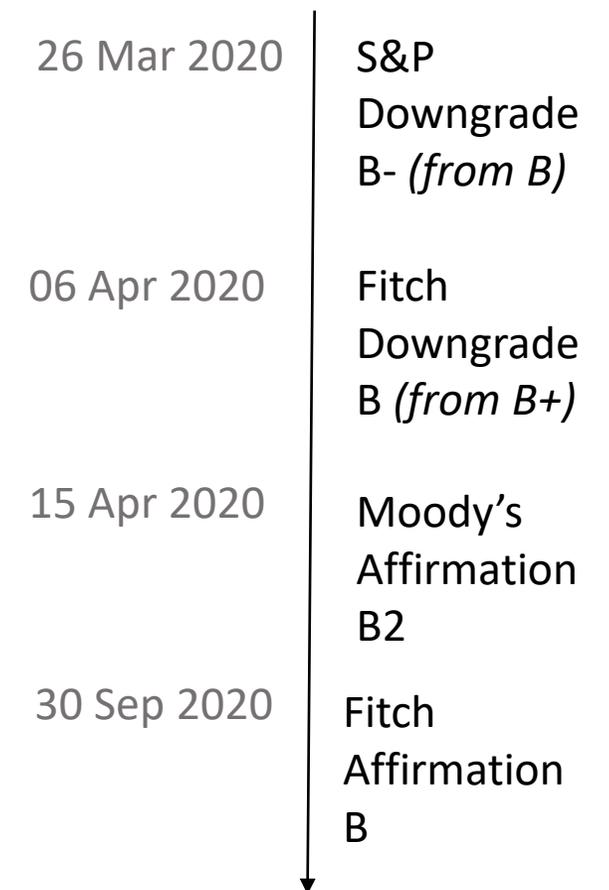
Fiscal and current account deficits
(percent of GDP)



Public debt
(percent of GDP)



2020 Sovereign rating actions

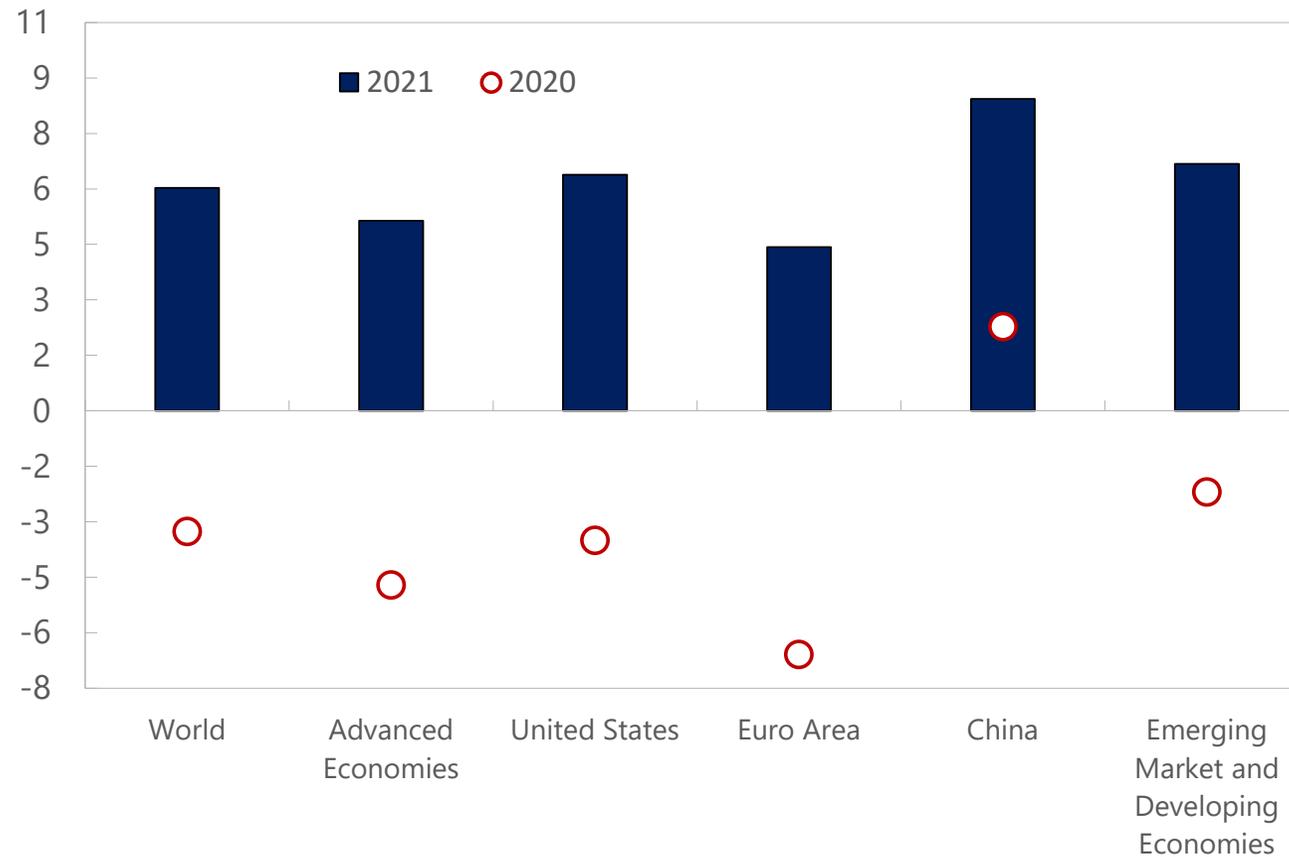


Sources: Nigerian Authorities, Central Bank of Nigeria and IMF staff calculations.

Sources: Fitch Connect

Global Economy is Projected to Recover in 2021

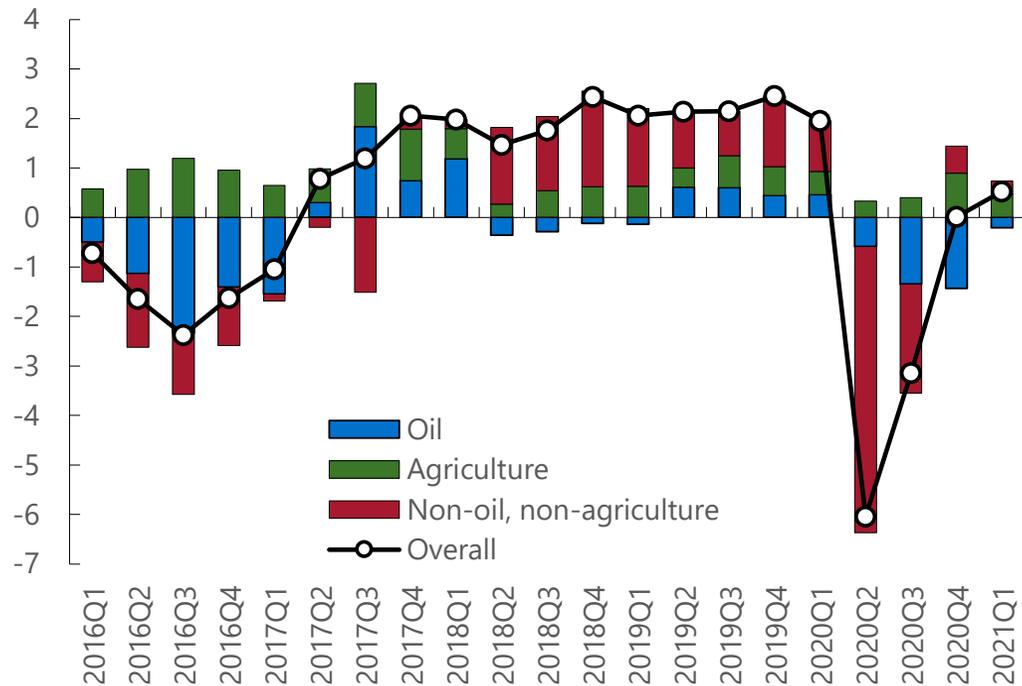
Real GDP growth, 2020 and 2021
(annual percentage change)



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

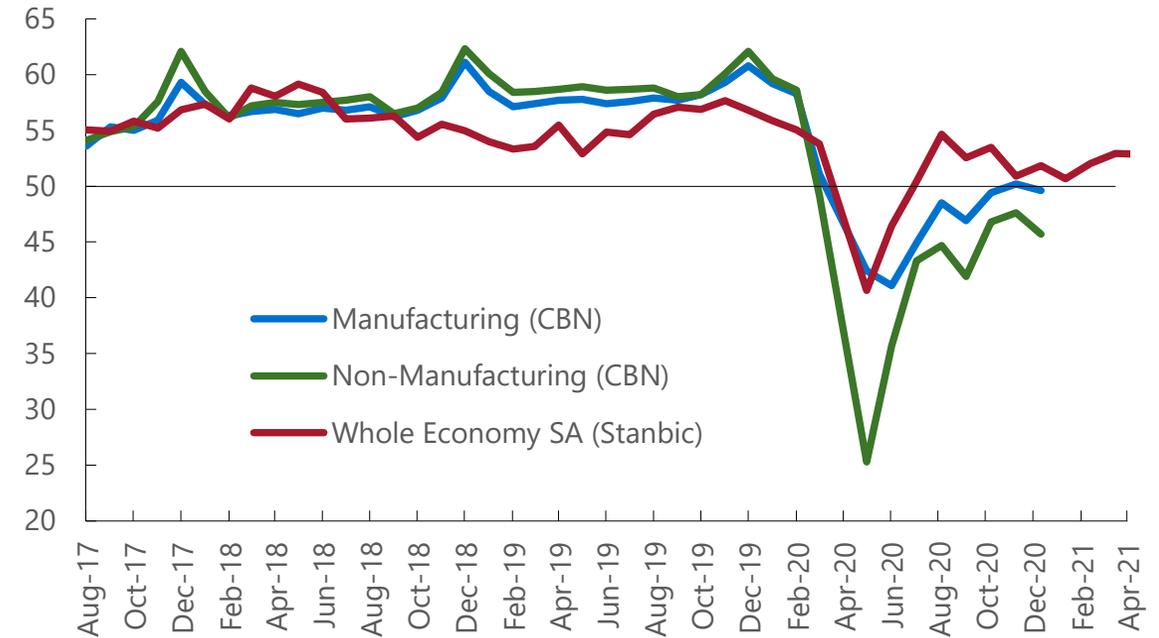
Positive Signs in Nigeria

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



Sources: Haver, NBS

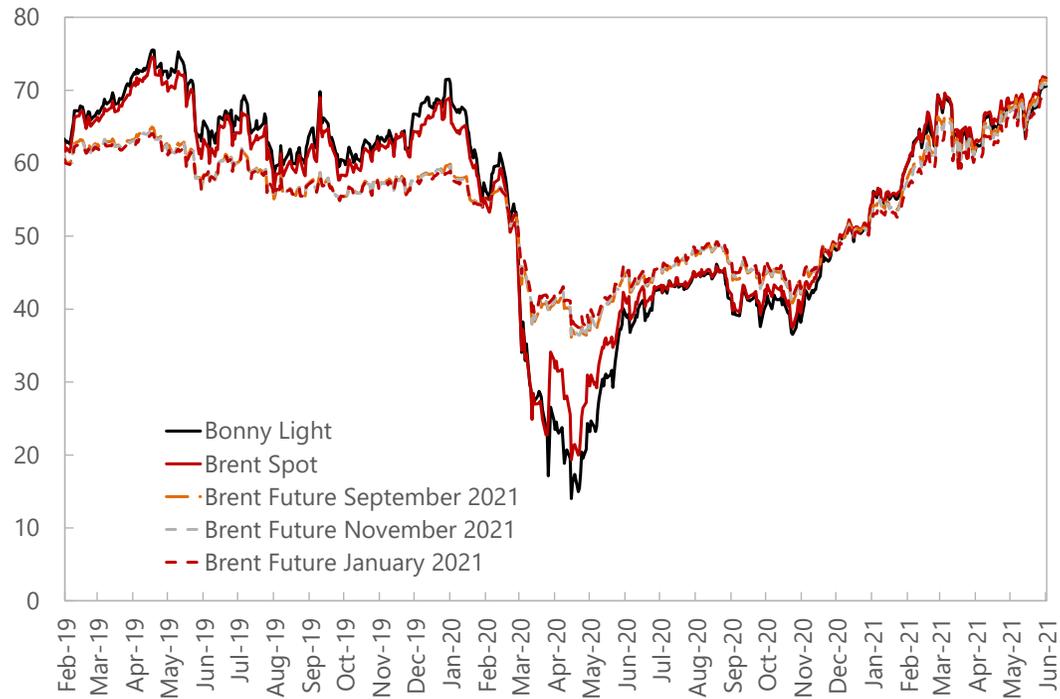
Nigeria: Purchasing Manager Index (index number, <50 indicates contraction)



Sources: Haver, CBN, Stanbic.

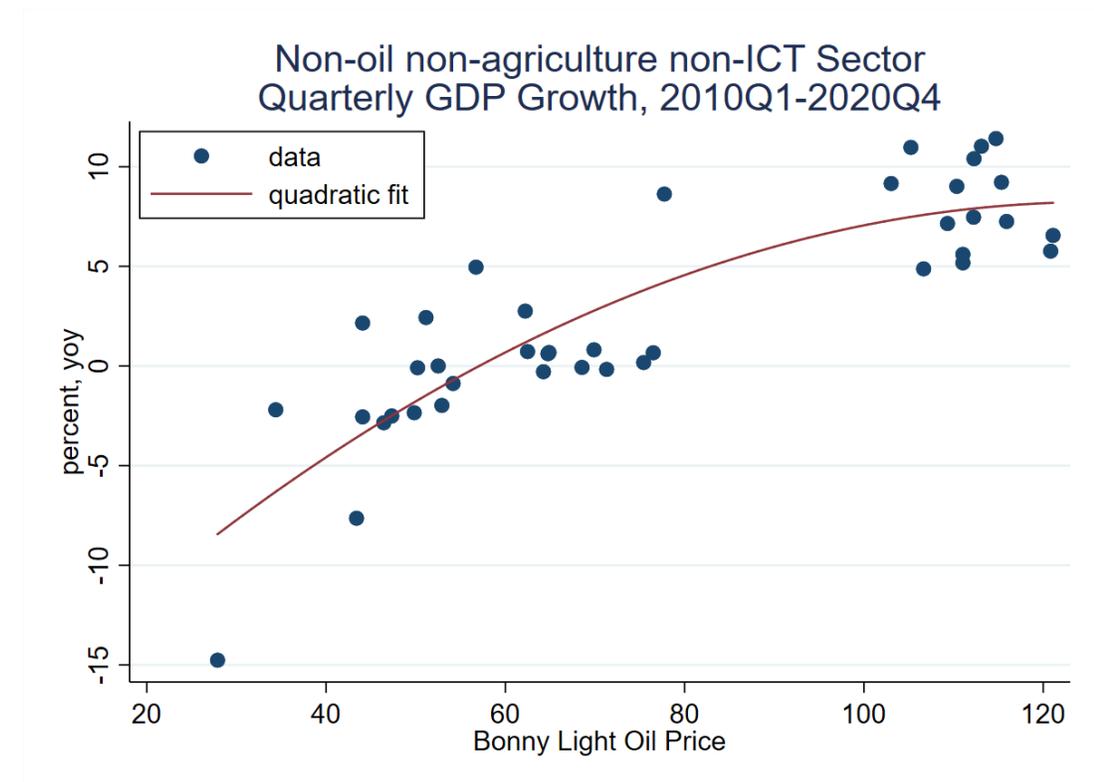
Particularly with Rising Oil Prices

Daily oil prices
(USD per barrel)



Sources: Bloomberg.

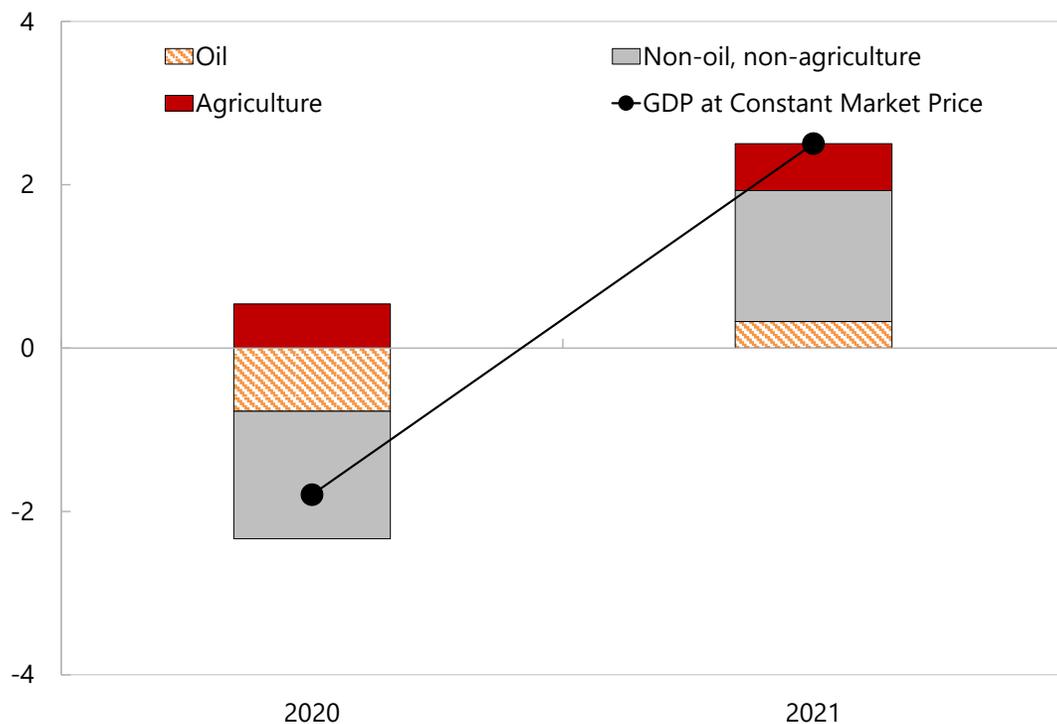
Nigeria: Oil price and growth



Sources: IMF staff calculation..

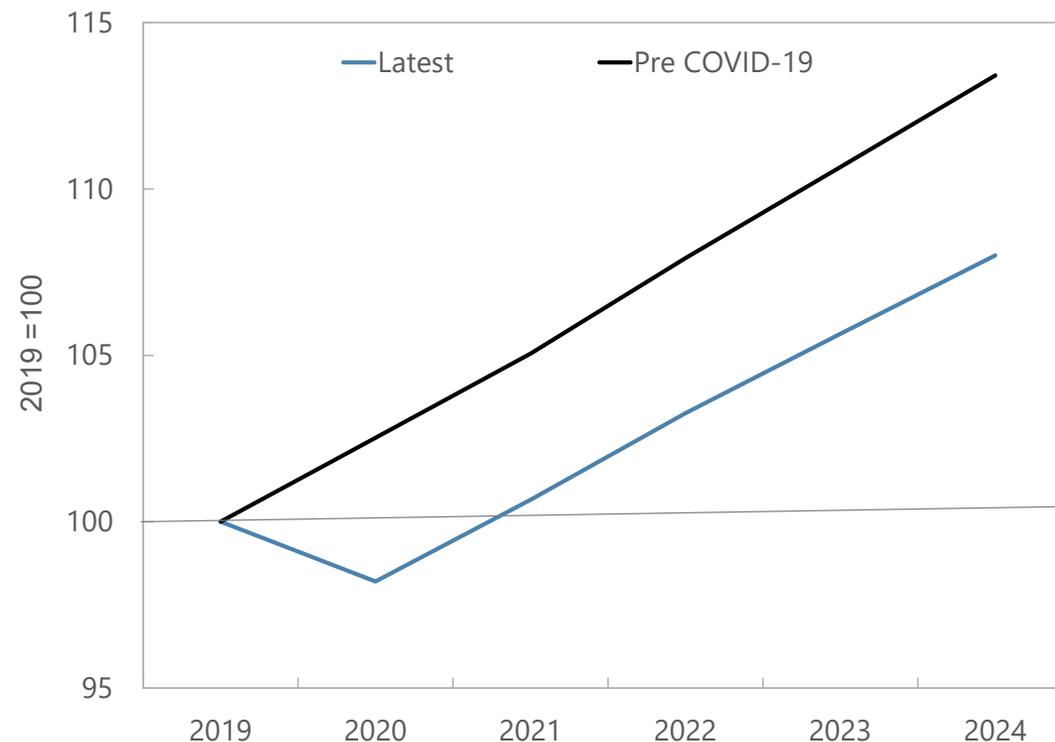
Recovery Projected for 2021, Subdued MT

Nigeria, Real GDP Growth and Composition



Sources: Haver and IMF Staff Calculations

Real GDP Level



Sources: IMF Staff Calculations

Risks Mostly on the Downside

Downside Risks

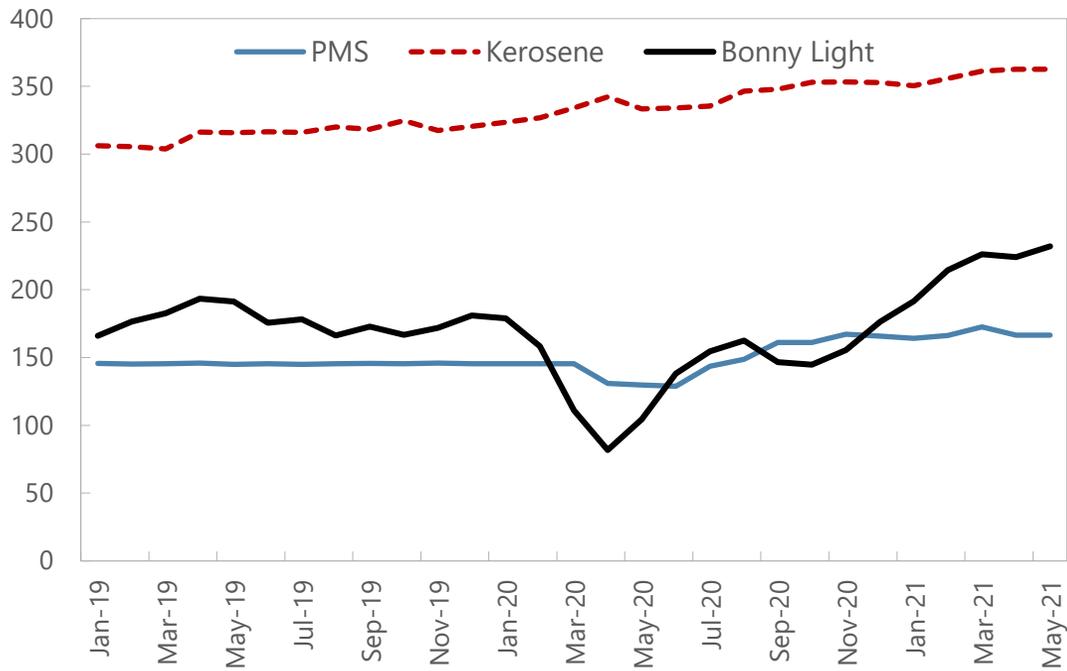
- **COVID-19:** Possible surges and lockdown, access to adequate vaccine
- **Security challenges:** Could become macro-critical
- **Continued high inflation:** Weighing down domestic demand/consumption
- **FX shortage/uncertainties:** If foreign investors stay away for too long

Upside Risks

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

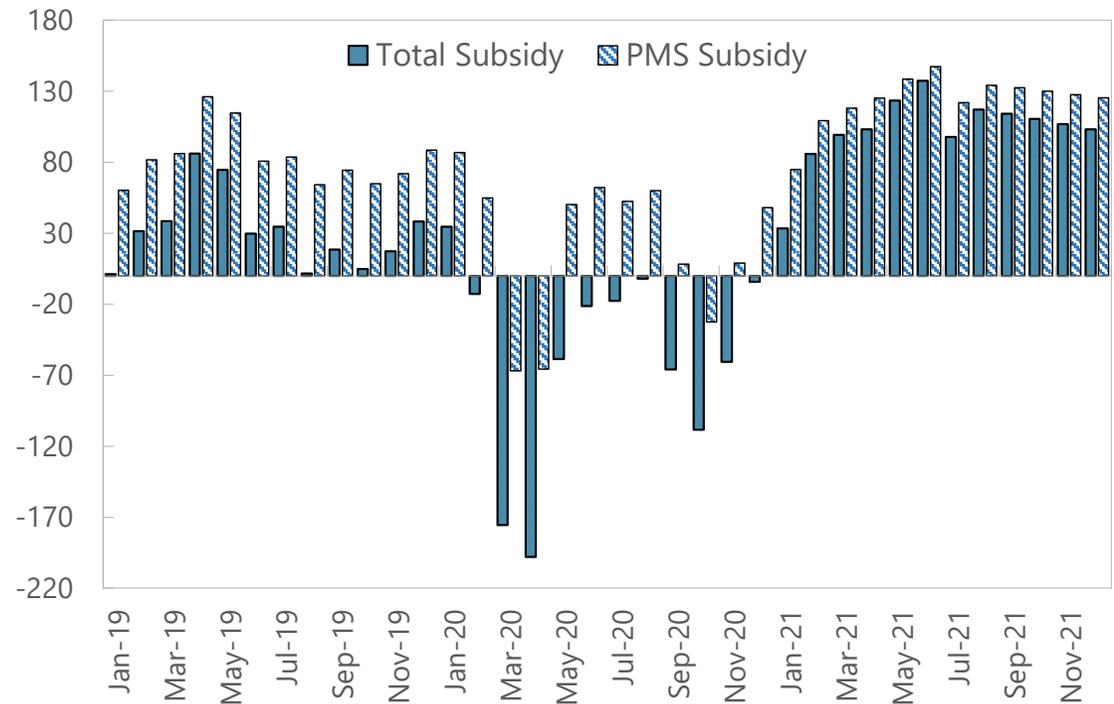
Fuel Subsidies

Monthly fuel prices (in Naira per Liter)



Sources: NBS, Bloomberg, CEIC.

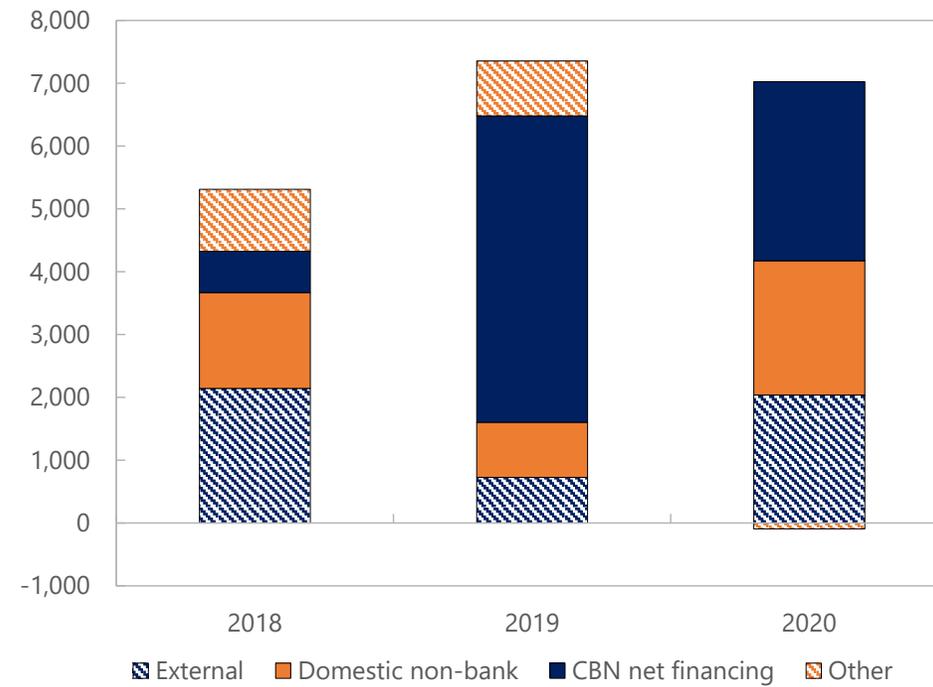
Monthly fuel subsidies (in billions of Naira)



Sources: IMF staff calculation..

Fiscal Financing and CBN Overdraft

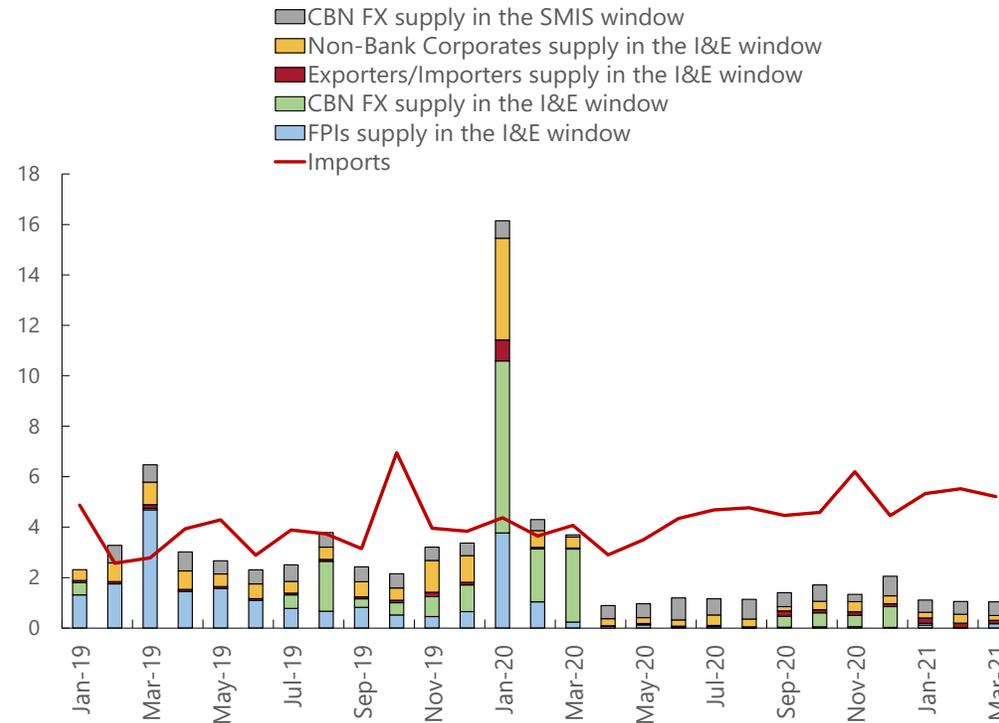
Fiscal Financing Sources
(in billions of Naira)



Sources: Authorities data and IMF staff calculation.

FX Shortage and External Sustainability

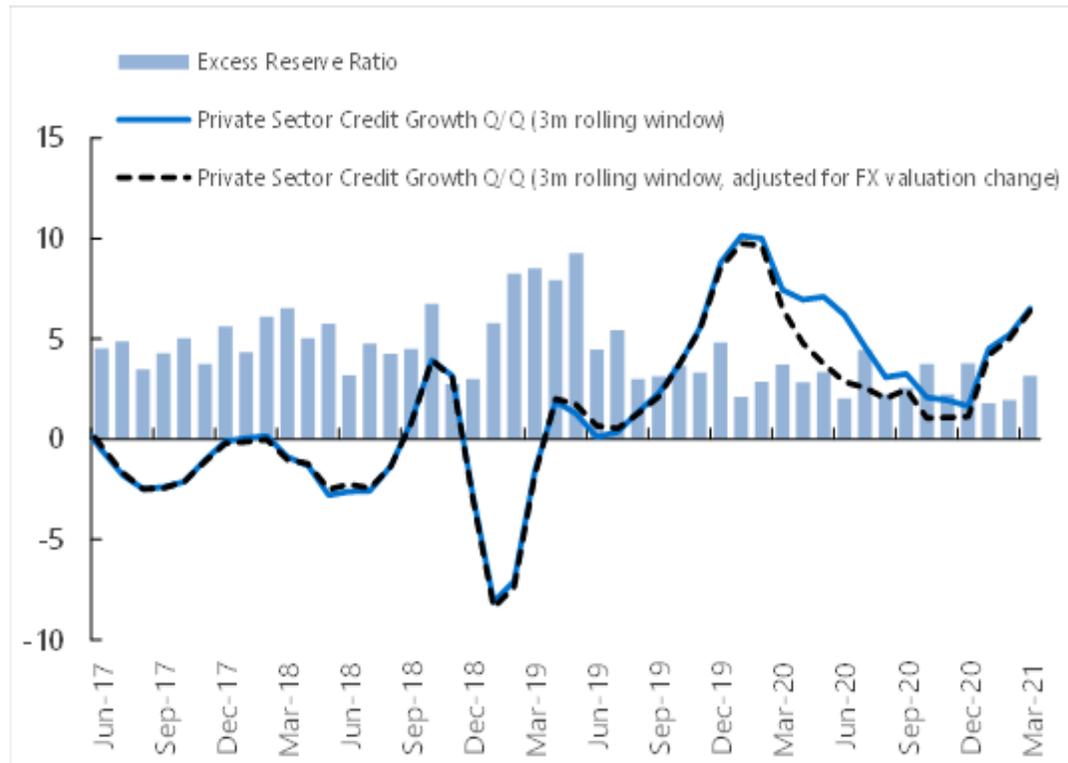
FX Supply and Imports (in billions of USD)



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

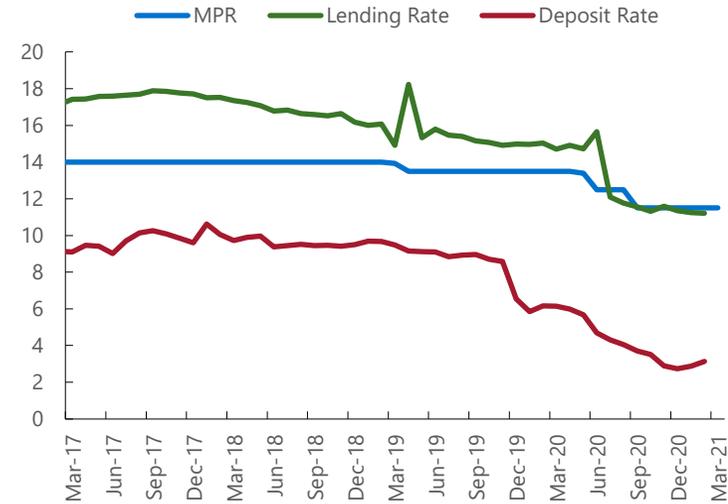
Monetary Policy: De-facto Tightening?

Excess Reserve Ratio and Credit Growth
(Percent)

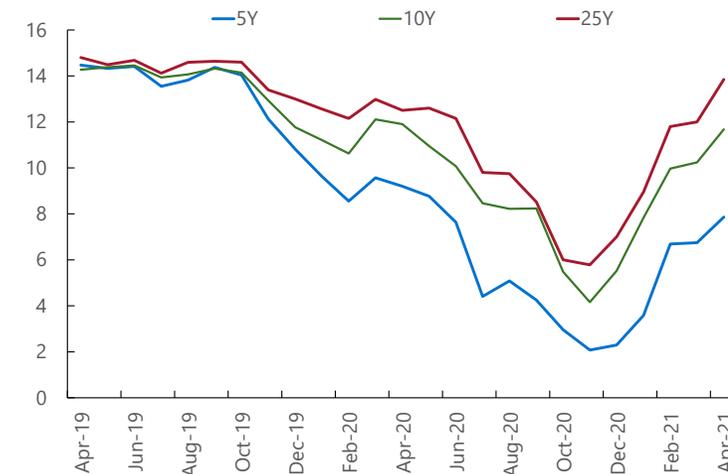


Sources: CBN, DMO.

MPR and Lending & Deposit Rates
(Percent per annum)



FGN Bond Yields
(percent, monthly average)





Thank you for your attention

Additional information on IMF activities can be found at

<https://www.imf.org/en/Countries/ResRep/NGA>