



**AFRICAN
DEPARTMENT**



Nigerian Economy: Recent Developments, Outlook and Challenges

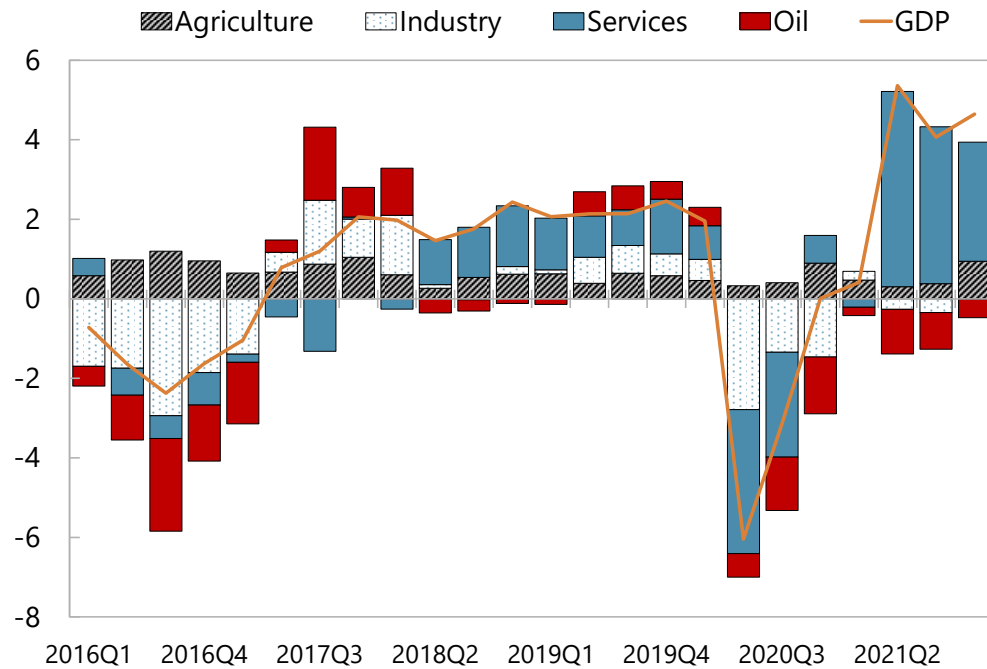
Ari Aisen

IMF Resident Representative for Nigeria

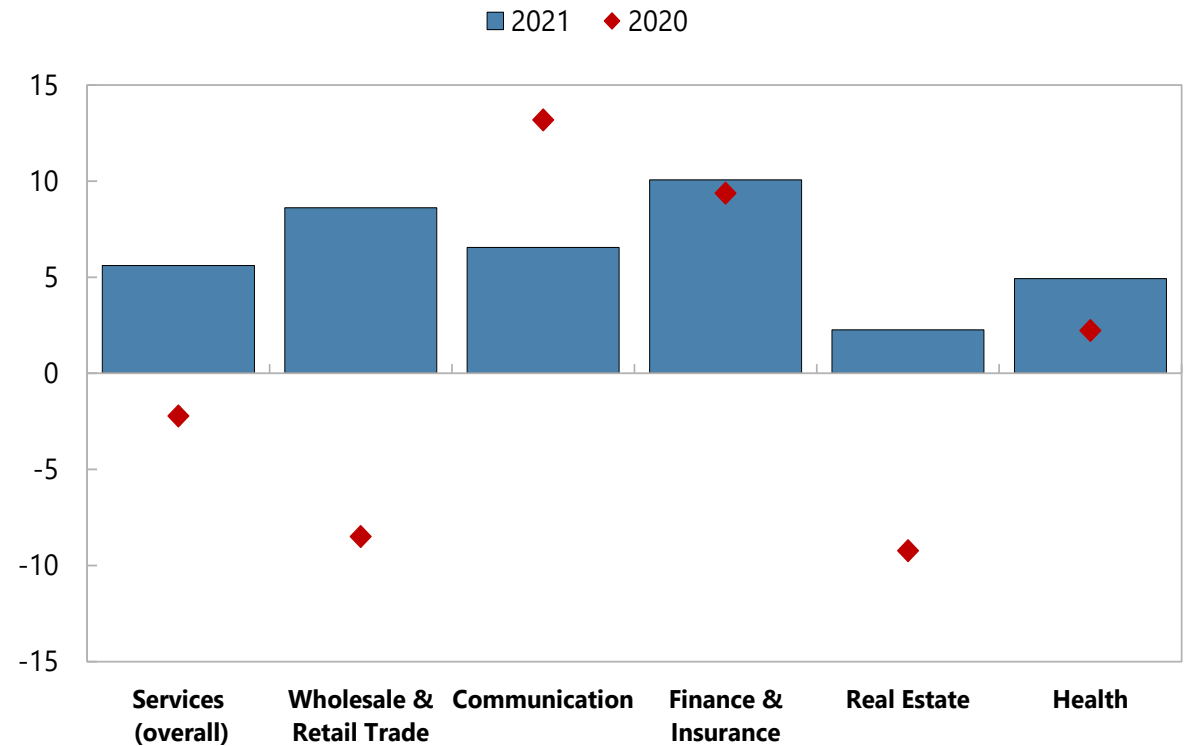
April, 2022

The economy rebounded in 2021

Real GDP Growth and Sectoral Contributions

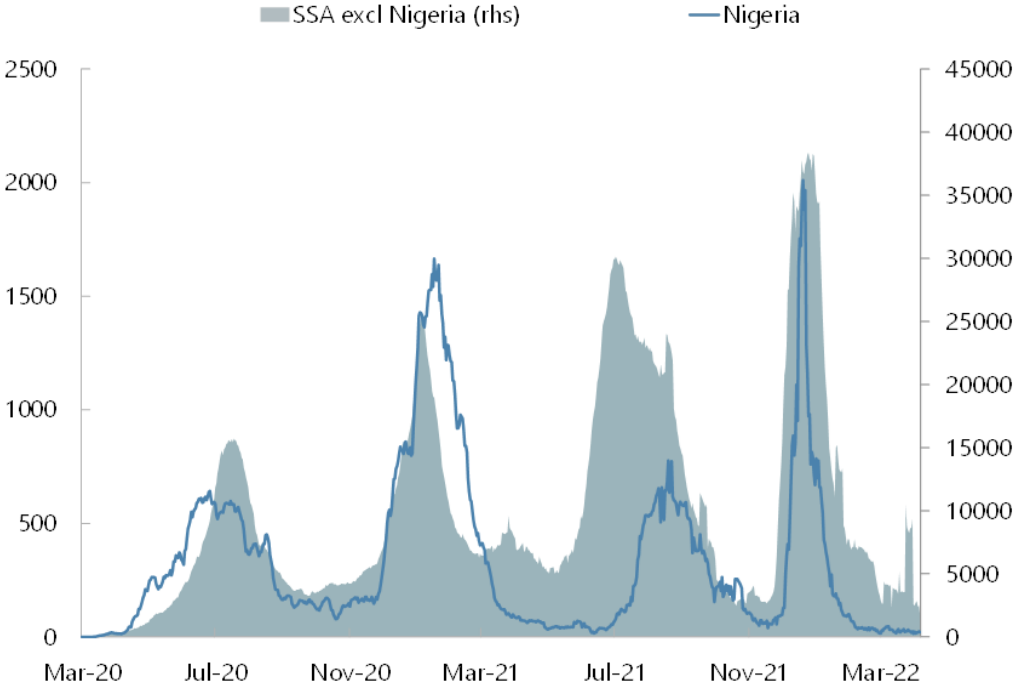


Growth in Services Sector (% change, year on year)

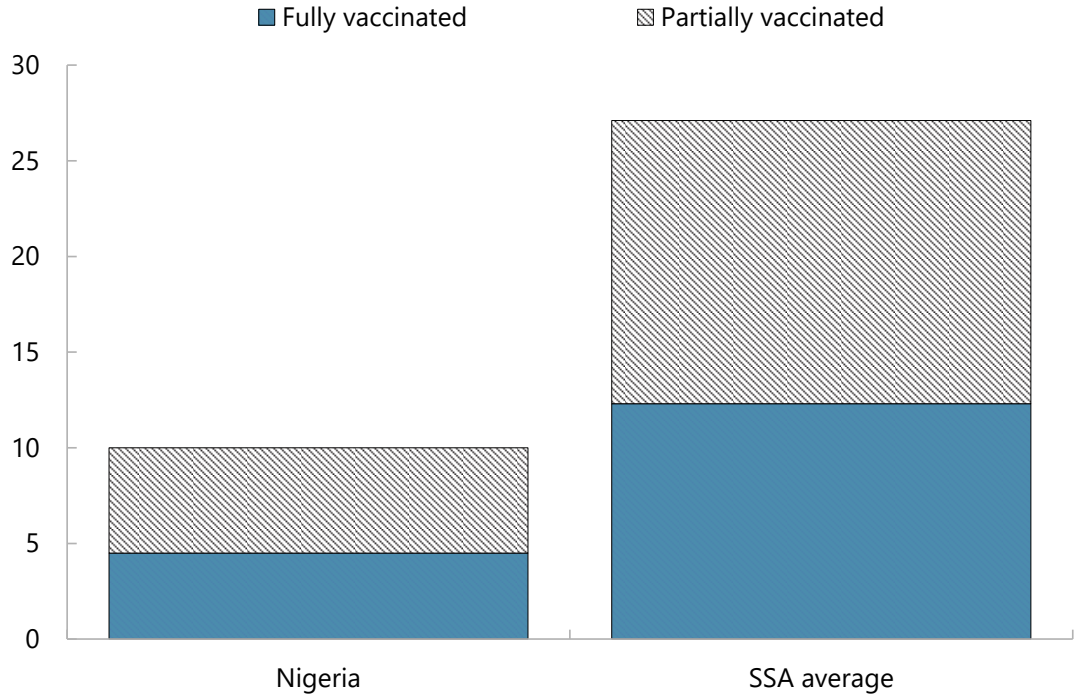


Helped by limited COVID cases and resumption of activities

Nigeria: COVID-19 new cases (seven-day MA)



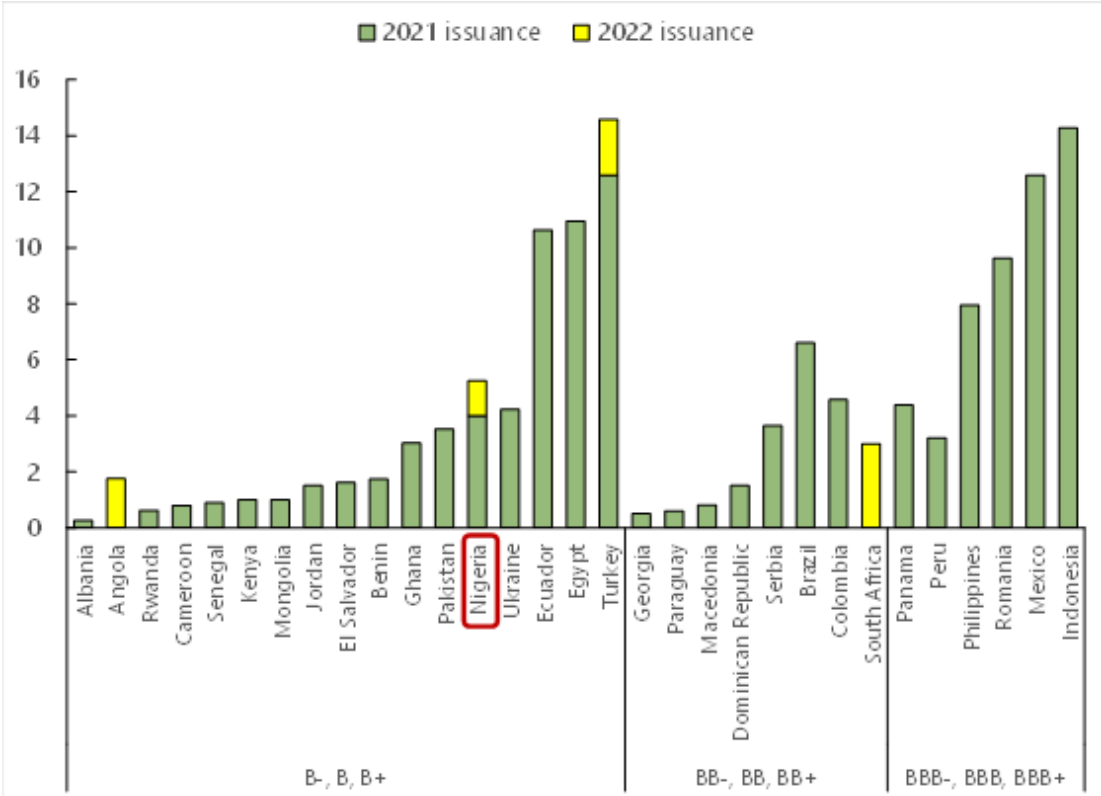
Nigeria and SSA: Vaccination (in % of total population)



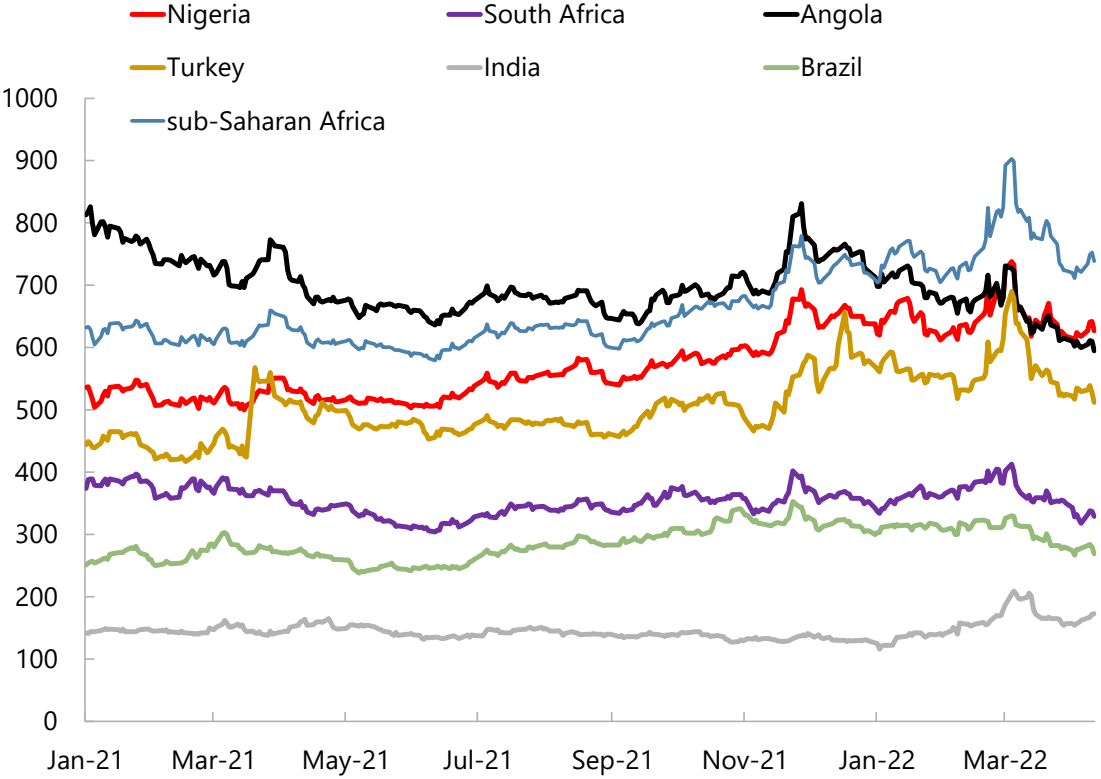
Sources: ourworldindata.org, Oxford University.

Successful return to capital markets

2021 and 2022 Eurobond issuances



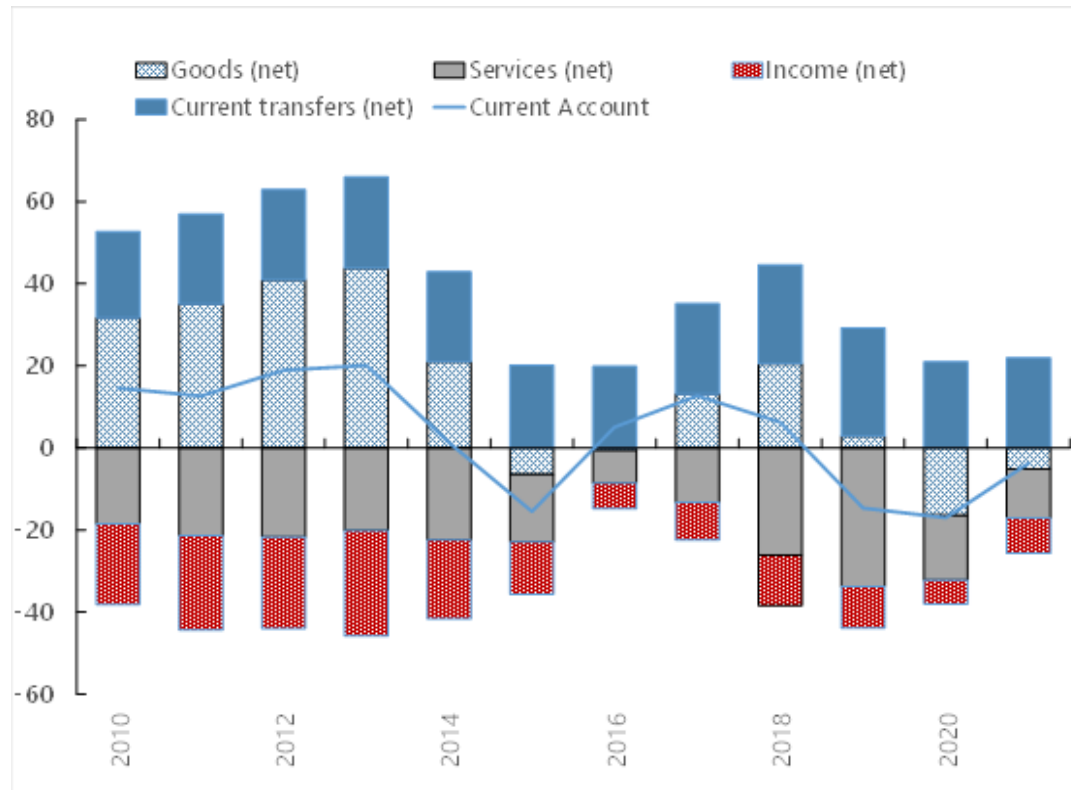
EMBIG spreads



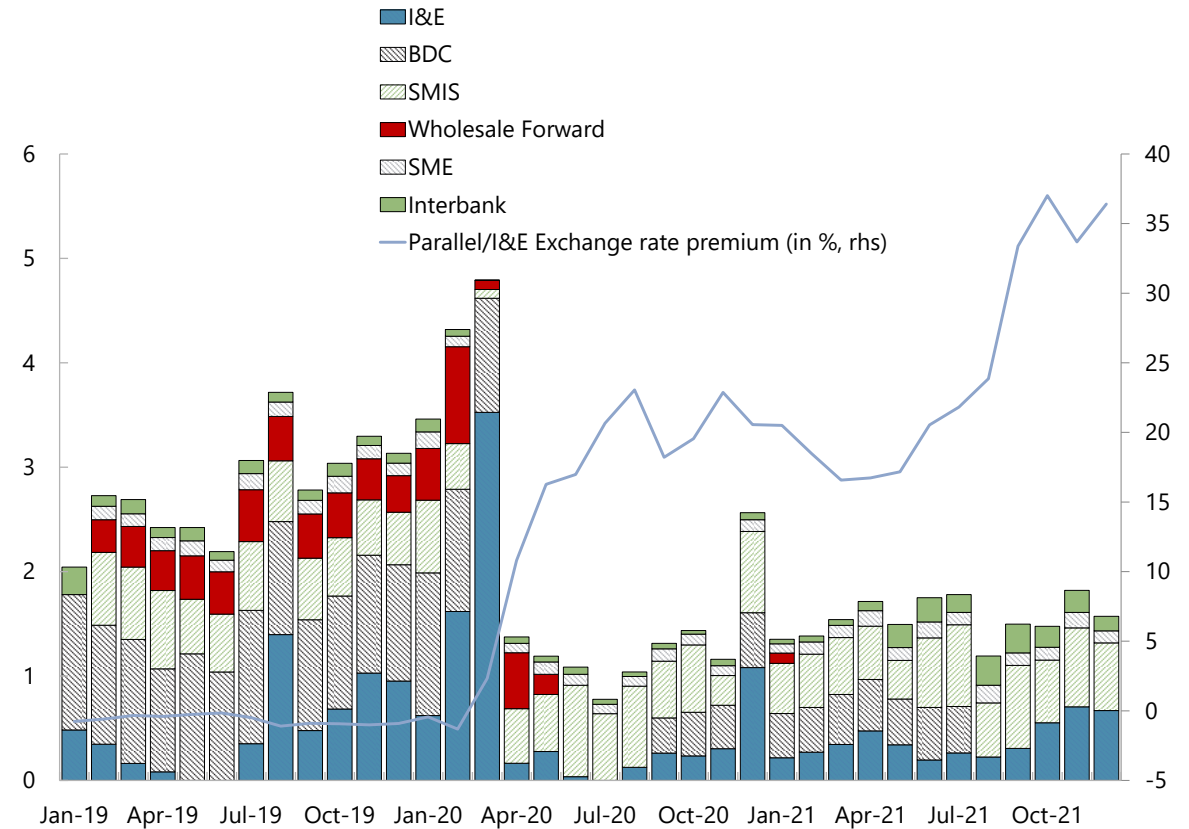
Source: Bloomberg

Improving current account, FX shortages continue

Current account balance and components (USD billion)



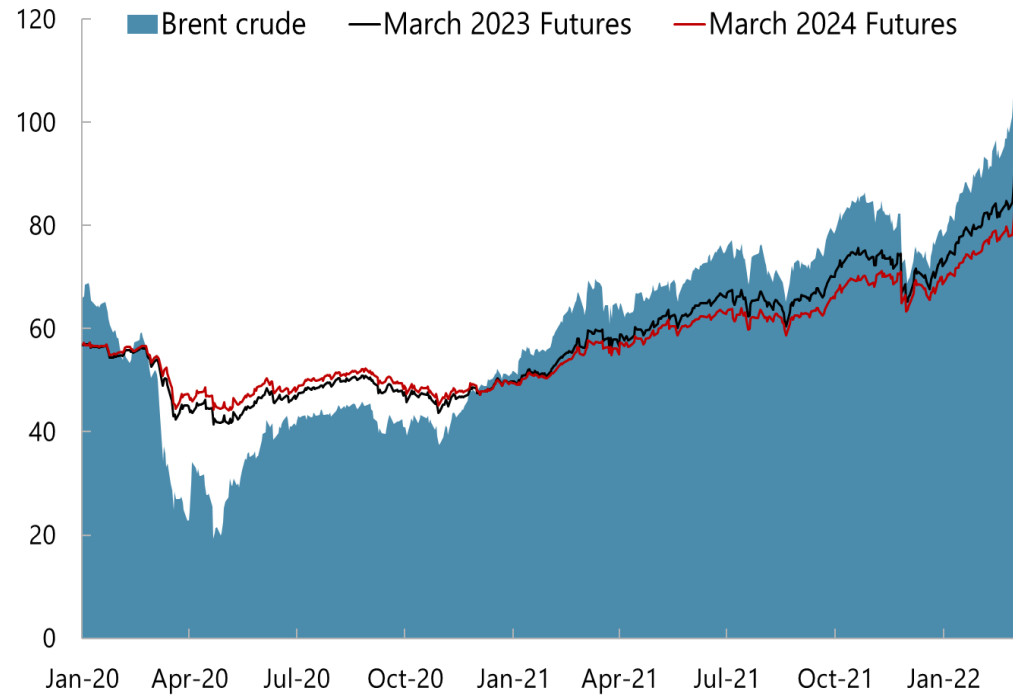
CBN FX Supply through various windows (USD billion)



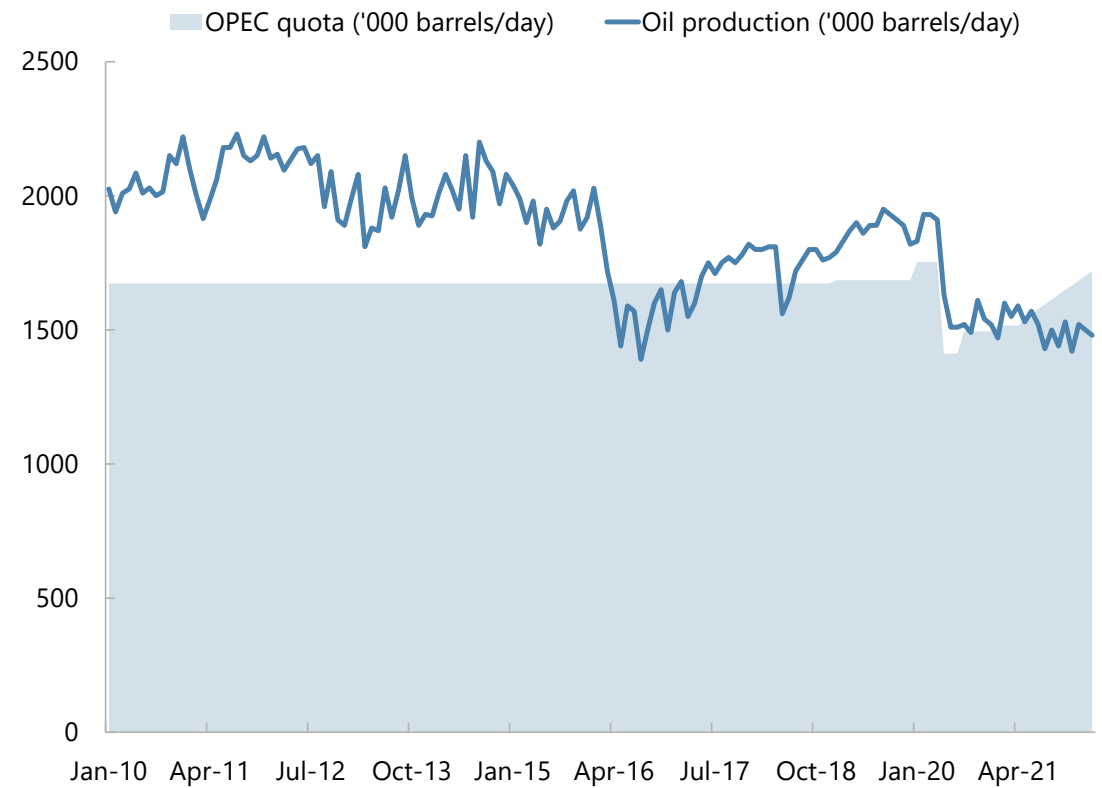
Sources: FMDQ, CBN, Haver Analytics

War in Ukraine: Higher oil prices

Crude oil futures (in US\$/barrel)



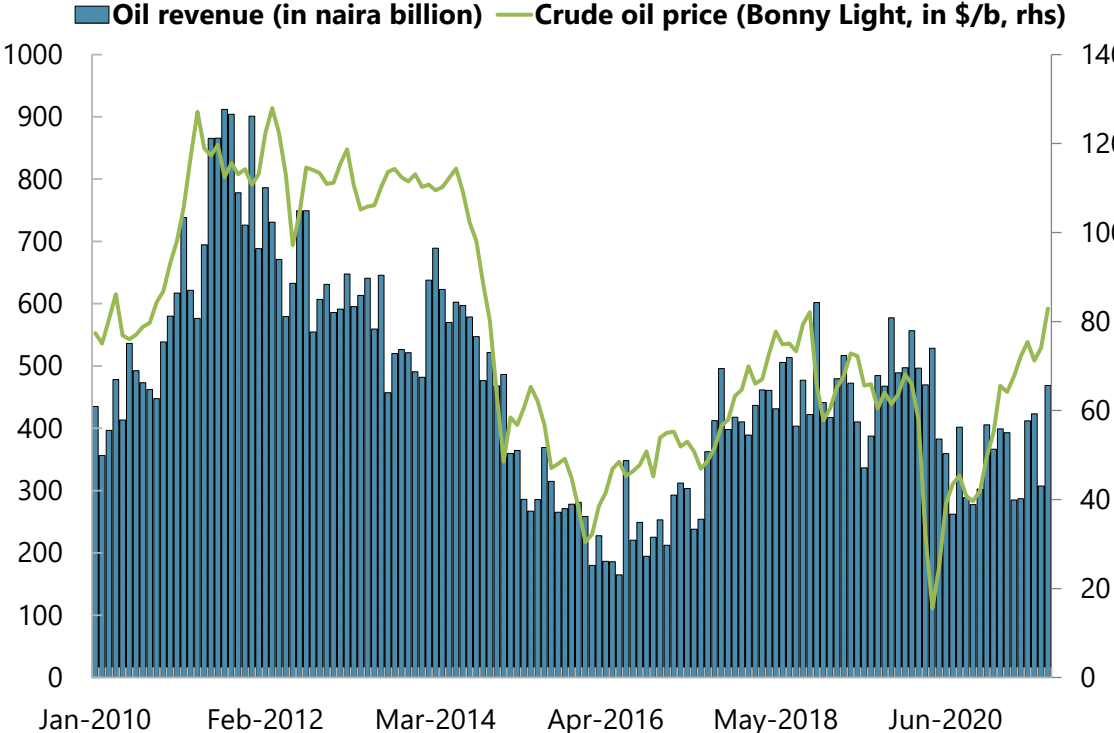
Nigeria: OPEC Quota and Crude Production



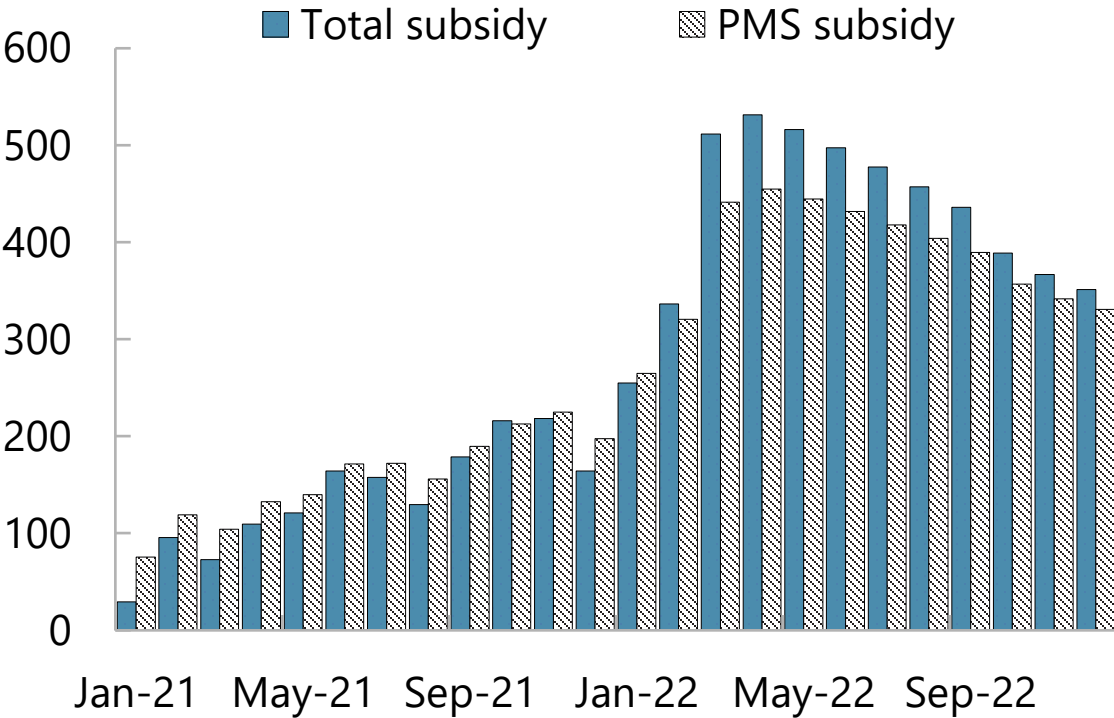
Sources: Bloomberg, World Bank Pink Sheets.

Fiscal is yet to benefit from higher oil prices

Nigeria: Bonny Light Price and Fiscal Oil revenues



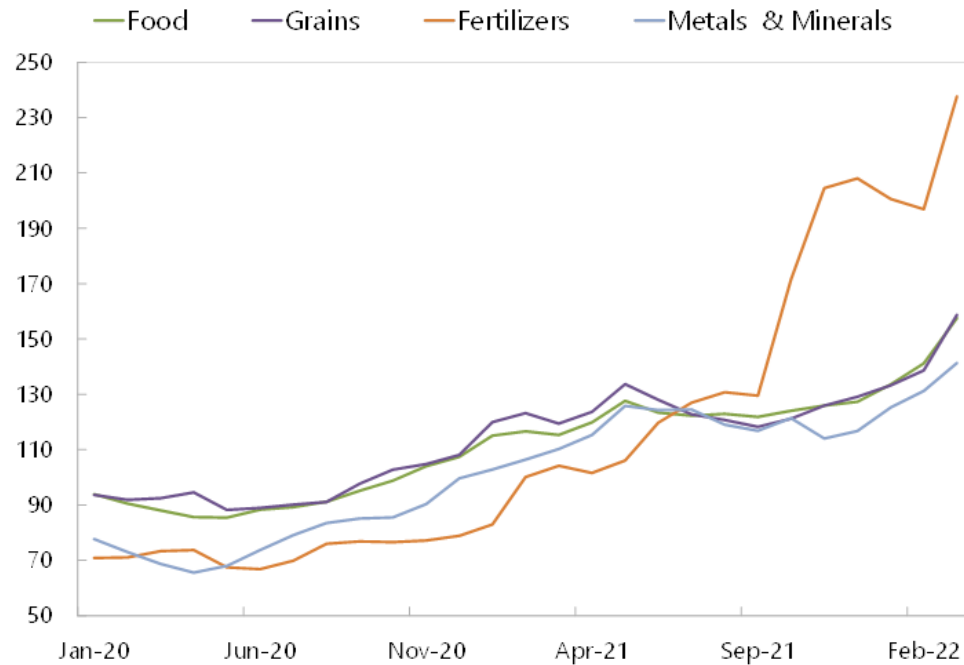
Implicit Fuel Subsidies (in Naira billion)



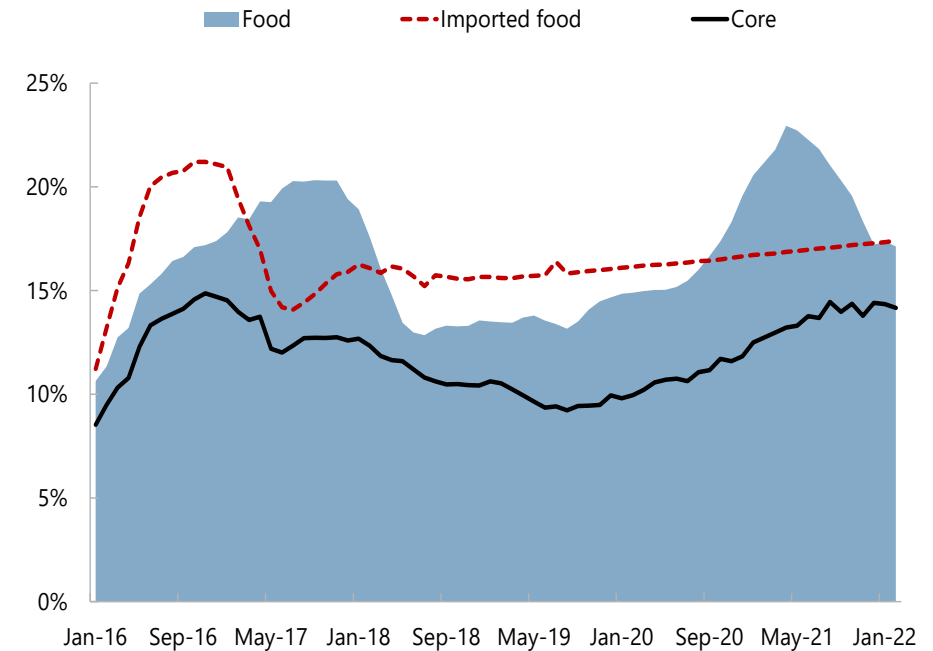
Sources: NBS, Bloomberg, Haver Analytics.

War in Ukraine: Higher food prices

**Commodity price index
(2010=100)**



Nigeria: Food prices (% change, y/y)



Sources: Bloomberg, World Bank Pink Sheets.

Global projections: IMF has revised down near-term growth and raised inflation forecasts

Growth projections (in %)						
	January WEO			April WEO		
	2021	2022	2023	2021	2022	2023
World	5.9	4.4	3.8	6.1	3.6	3.6
AE	5.0	3.9	2.6	5.2	3.3	2.4
EMDE	6.5	4.8	4.7	6.8	3.8	4.4
SSA	4.0	3.7	4.0	4.5	3.8	4.0

Inflation (in %)						
	January WEO			April WEO		
	2021	2022	2023	2021	2022	2023
AE	3.1	3.9	2.1	3.1	5.7	2.5
EMDE	5.7	5.9	4.7	5.9	8.7	6.5
SSA	11.0	9.6	7.9	11.0	12.2	9.6

For Nigeria, mixed impacts

	January 2022 WEO			April 2022 WEO		
	2021	2022	2023	2021	2022	2023
Real GDP (at 2010 market prices, % change)	3.0	2.7	2.7	3.6	3.4	3.1
Consumer price index (annual average, % change)	15.8	14.3	12.8	17.0	16.1	13.1
Overall fiscal balance (% of GDP)	-5.9	-6.1	-5.4	-6.0	-6.4	-5.9
Public debt (% of GDP)	35.3	36.7	37.6	37.0	37.4	38.8
Current account balance (% of GDP)	-2.4	-2.0	-1.8	-0.8	-1.1	-1.1
Gross international reserves (US\$ billions)	40.2	39.1	38.3	40.2	41.0	41.2
External debt (% of GDP)	23.8	22.3	20.8	25.1	22.5	20.8
Memo item: Bonny Light Price (forecast: Brent futures), US\$/b	70.4	78.9	73.2	70.4	110.8	96.1

Sources: IMF Staff projections

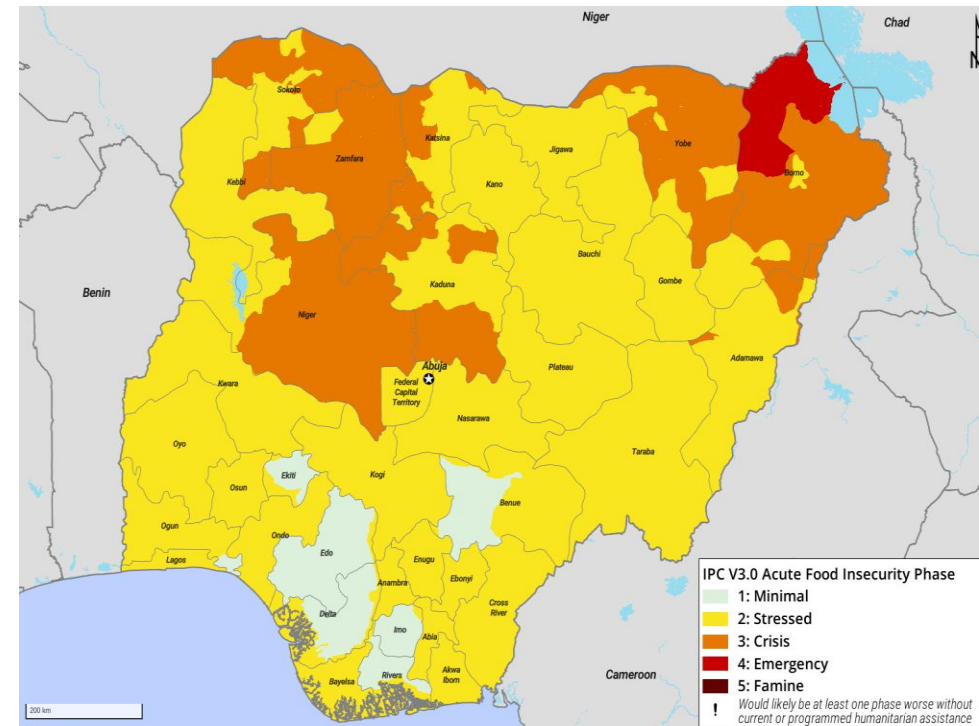
Downside Risks: Rising borrowing costs and food insecurity

Monetary policy rate forecast (in %)

	2Q22F	3Q22F	4Q22F	1Q23F
US	1.5	2.25	2.75	3
Eurozone	0	0	0.25	0.5
Japan	-0.1	-0.1	-0.1	-0.1
UK	1	1	1	1
Poland	4.5	5.5	6.5	7
Turkey	14	14	14	14
China	1.9	1.7	1.7	1.7
India	4.2	4.4	4.6	4.8
Indonesia	3.75	4	4	4

Sources: NBS, INGEconomics

June-September 2022 Food Insecurity Outlook



Sources: Famine Early Warning Systems Network, NBS, Haver Analytics