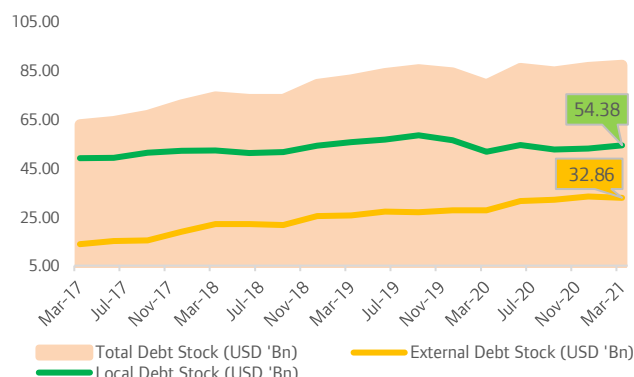




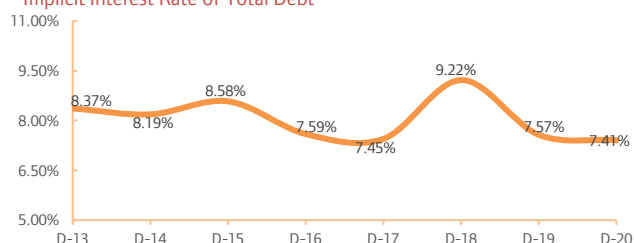
Nigeria's Debt Watch: Q1 2021

MPR: 11.50%
April Inflation Rate: 18.12%
Q1 2021 GDP Growth Rate: 0.51%

Evolution of Total Debt, External & Local Debts



Implicit Interest Rate of Total Debt



Total Debt Service as %age of FGN Retained Revenue (TDSRR)

Year	FGN Retained Revenue (N 'Bn)	Total Debt Service (N 'Bn)	TDSRR
2018	4,190.41	1,797.90	42.91%
2019	4,530.28	1,661.30	36.67%
2020	3,660.02	1,878.12	51.31%

Stock of External Debt as %age of Total Exports

Year	Exports (USD' Bn)	External Debt Service (USD' Bn)	Stock of External Debt/Exports
2018	61.22	1.47	2.40%
2019	64.79	1.33	2.06%
2020	39.62	1.51	3.81%

Debt Management Performance (Q1 2021)

Debt Indicator	Actual (%age)	Target (%age)
Domestic to External Debt	62-38	70 max-30 min
Long term to Short term Debt	78-22	75 min-25 max
Concessional to Non-Concessional	67:35	To Maximize
Debt to GDP	22	40

Sources: Debt Management Office, National Bureau of Statistics, Central Bank of Nigeria, Cowry Research

Nigeria Redeems USD642.43 million Foreign Debt in Q1 2021...

According to Debt Management Office (DMO), Nigeria's total public debt stock jumped year on year (y-o-y) by 15.64% to N33.11 trillion as at March 2021 (from N28.63 trillion as at March 2020). The y-o-y increase in the country's total debt stock was chiefly due to a 24.86% rise in external debt to N12.47 trillion (or USD32.86 billion at N379.50/USD) as at March 2021 from N9.99 trillion (or USD27.67 billion at N361.00/USD) in March 2020. Within a year, Nigeria received USD3.48 billion worth of loans from International Monetary Fund. Also, additional loan of USD1.43 billion was gotten from IDA. More so, the depreciation of the Naira against the greenback exacerbated external debt; y-o-y, Naira depreciated against the USD by 5.10% to close at N379.50/USD as at March 2021. In the quarter under review, Nigeria paid part of its Multilateral (USD81.05 million), Bilateral (USD61.38 million) and Commercial loans (USD500 million) which amounted to USD642 million. Hence, external debt service payments fell to N126.02 billion (or USD332.07 million) in Q1 2021 from N170.60 billion (or USD472.57 million) printed in Q1 2020. Further breakdown of the total external debt stock in Q1 2021, showed that Multilateral loans accounted for 54.26% (USD17.83 billion) of which loans from International Development Association (IDA) was USD11.09 billion, loan from IMF was USD3.48 billion while others stood at USD3.26 billion. Bilateral loan accounted for 12.73% (USD4.18 billion) of which loan from China (Exim Bank of China) was USD3.40 billion and loan from France was USD0.49 billion in Q1 2021. Commercial loans accounted for 32.47% (USD10.66 billion) of which Eurobonds was USD10.37 billion while Diasporal bond was USD0.30 billion. Local debt stock increased by 10.71% to N20.64 trillion in Q1 2021 (from N18.64 trillion in Q1 2020). Breakdown of the domestic debt figure showed that FG's domestic debt stock rose to N16.51 trillion in Q1 2021 (from N14.53 trillion in Q1 2020). Despite the significant rise in FG's domestic loan, local debt service payment increased marginally by 0.59% to N612 billion in Q1 2021 from N609.13 billion recorded in Q1 2020 amid relatively low rate.

We expect Nigeria's local debt and the annualised implicit interest rate (8.92%) to increase in 2021 given the President's request to the National Assembly to approve N2.34 trillion new capital raising. Also, the rising domestic interest rate environment witnessed in recent times will further exert upward pressure on debt service. Meanwhile as Nigeria turns to IMF for more loans, it may have to lean more on market-driven exchange rate policy – which may further have a pass-through effect on inflation rate.

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