

## TRANSACTIONS IN FOREIGN EXCHANGE THROUGH THE CENTRAL BANK DURING THE FIRST QUARTER OF 1985

The 1985 foreign exchange budget was formulated on the assumption that aggregate foreign exchange earnings would amount to ₦8,023.6 million during the year. Oil revenue was projected at ₦6,523.6 million or 81.3 per cent of the total; non-oil revenue at ₦1,500.0 million, with the following breakdown; non-oil exports ₦480.0 million, services ₦520.0 million and capital inflow ₦500.0 million.

Foreign exchange expenditure was projected at ₦8,000.0 million. The breakdown shows that payment for private sector imports was estimated at ₦2.6 billion, with public sector imports accounting for ₦500.0 million. Provision for debt service was put at ₦3.5 billion, while ₦1.15 billion was earmarked for the service payments of the private and public sectors.

Transactions in foreign exchange during the quarter resulted in a net inflow of ₦99.9 million. This contrasted with the net outflow of ₦40.4 million and ₦150.0 million in the corresponding periods of 1984 and 1983, respectively. The inflow of foreign exchange accounted for the increase of ₦99.9 million in the reserves level from ₦1096.8 million at end-December 1984 to ₦1196.7 million at mid-March 1985 (see table 3).

### Inflow

During the quarter total foreign exchange receipts amounted to ₦2688.8 million, higher by ₦600.9 million or 28.8 per cent than the level recorded in the corresponding period of the year. On a monthly basis, inflow averaged previous ₦896.3 million compared with ₦696.0 million during the corresponding period of 1984. During the fourth quarter of 1984, inflow recorded a monthly average of ₦829.7 million. The increase in the level of inflow was attributable mainly to higher proceeds from crude oil exports, which at ₦2,525.8 million exceeded the level attained in the first quarter of 1984 by 33.7 per cent or ₦636.0 million. Total inflow through the non-oil commodity exports amounted to ₦84.5 million higher by ₦53.2 million than the level recorded during the last quarter of 1984. On the other hand, total capital inflow and earnings on services amounted to ₦15.6 million and ₦62.9 million, respectively during the same period and represented decreases of ₦74.7 million and ₦18.6 million compared with their levels during the preceding quarter.

### Outflow

Foreign exchange outpayments during the quarter totalled

₦2,588.9 million, higher by ₦319.7 million or 14.1 per cent and ₦460.6 million or 21.6 per cent than the levels during the preceding quarter and the corresponding period of 1984, respectively. At this level, the monthly rate of outflow was ₦863.0 million which exceeded the monthly budgetary provision for outflow by ₦196.3 million.

A breakdown showed that all items of outpayments except merchandise imports recorded increases over their levels during the preceding quarter. Disbursements on visible imports amounted to ₦1,213.7 million, representing a decrease of ₦111.4 million or 8.4 per cent compared with the last quarter of 1984. Compared with the corresponding period of the previous year, payment for imports was higher by ₦31.4 million or 2.7 per cent.

Outpayments in respect of service items totalled ₦407.1 million, higher by ₦105.3 million and ₦166.1 million than the levels during the first and the last quarters of 1984, respectively. Similarly, external debt service amounted to ₦968.1 million, representing 37.4 per cent of total disbursements during the quarter. Of this amount interest payment stood at ₦253.6 million while amortisation amounted to ₦714.5 million. During the corresponding period of 1984 amortisation and interest payments stood at ₦495.6 million and ₦148.6 million, respectively.

The highlight of the foregoing analysis is the overshooting of the foreign exchange budget during the quarter under review. Compared with the budget of ₦2.0 billion for the quarter, actual disbursement reached the level of ₦2,588.9 million, an excess of ₦588.9 million or 29.4 per cent over the proportional budget.

The deviations were more pronounced in merchandise imports and service items. The budgetary provision for imports of ₦787.5 million was exceeded by ₦426.2 million or 54.1 per cent. Similarly, the proportional budget for service items of ₦287.5 million, was overshoot by ₦119.6 million. Total outlay on external debt service was in excess of the proportional budget of ₦875.0 million by ₦93.1 million.

BALANCE OF PAYMENTS OFFICE,  
INTERNATIONAL FINANCE DIVISION

Table 1

**INFLOW AND OUTFLOW OF FOREIGN EXCHANGE THROUGH THE  
CENTRAL BANK DURING THE FIRST QUARTER 1985<sup>1</sup>**

(₦ million)

Item	January	February	March	Total
<i>Inflow</i>				
1. Merchandise.....	798.4	925.9	886.0	2,610.3
(i) Oil.....	(766.0)	(895.5)	(864.3)	(2,525.8)
(ii) Non-Oil.....	(32.4)	(30.4)	(21.7)	(84.5)
2. Capital.....	5.1	8.1	2.4	15.6
3. Services.....	13.9	22.7	26.3	62.9
Total.....	817.4	956.7	914.7	2,688.8
<i>Outflow</i>				
1. Imports of Goods.....	348.4	316.9	548.4	1,213.7
2. Services.....	196.1	145.1	65.9	407.1
3. Capital.....	295.5	217.7	201.3	714.5
4. Interest.....	115.5	66.8	71.3	253.6
Total.....	955.5	746.5	886.9	2,588.9
Net Flow.....	-138.1	+210.2	+27.8	+99.9

<sup>1</sup>Provisional

Table 2

**QUARTERLY FOREIGN EXCHANGE FLOWS THROUGH THE CBN<sup>1</sup>**

(₦ million)

Item	Jan-March 1984	Oct-Dec 1984	Jan-Mar 1985
<i>Inflow</i>			
1. Merchandise.....	1,940.9	2,317.2	2,610.3
(i) Oil.....	(1,889.8)	(2,285.9)	(2,525.8)
(ii) Non-Oil.....	(51.5)	(31.3)	(84.5)
2. Capital.....	58.0	90.3	15.6
3. Services.....	88.6	81.5	62.9
Total.....	2,087.9	2,489.0	2,688.8
<i>Outflow</i>			
1. Imports of Goods.....	1,182.3	1,325.1	1,213.7
2. Services.....	301.8	241.0	407.1
3. Capital.....	495.6	496.8	714.5
4. Interest.....	148.6	206.3	253.6
5. Total.....	2,128.3	2,269.2	2,588.9
Net Flow.....	-40.4	+219.8	99.9

<sup>1</sup>Provisional

Table 3

**NIGERIA'S EXTERNAL ASSETS**

(₦ million)

Holder	March 1984	Dec 1984	Mar 1985
Official.....	701.6	1,096.8	1,196.7
(i) Central Bank <sup>1</sup> .....	(684.8)	(1,080.0)	(1,179.9)
(ii) Federal Government.....	(16.8)	(16.8)	(16.8)
Semi-Official Institutions with State Governments.....	5.8	5.8	5.7
Commercial Banks (Net).....	+230.6	+319.5	+239.7
Total.....	938.0	1,422.1	1,442.1

<sup>1</sup>Excluding attached assets