

FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK DURING THE SECOND QUARTER OF 1985

Transactions in foreign exchange through the Central Bank during the second quarter of 1985 resulted in a net outflow of ₦165.1 million compared with net inflows of ₦21.4 million in the preceding quarter and ₦145.1 million during the comparable period of 1984. As a result of the continuous overutilisation of the foreign exchange resources, the level of the external reserves declined from ₦1,196.7 million in March to ₦1,031.6 million at the end of June 1985, at which level the reserves could finance barely one month of Nigeria's foreign exchange commitments at the prevailing rate of disbursement as against the conventional minimum of four months' import bills.

INFLOW: Foreign exchange inflow during the second quarter of 1985 amounted to ₦2,860.1 million higher by ₦171.3 million than the level recorded in the preceding quarter. It also represented an increase of ₦398.3 million above the level in the comparable period of 1984.

Compared with the preceding quarter, all items recorded increased gross inflow except non-oil. Inflow in respect of this item declined from ₦84.5 million in the preceding quarter by ₦34.5 million or 40.8 per cent to ₦50.0 million at the end of the second quarter of 1985 (see Table 1).

As in the preceding quarters, oil sector earnings constituted the bulk of total foreign exchange earnings. At ₦2,698.2

million, oil sector inflow represented 94.3 per cent of total inflow. Inflow in respect of non-oil exports, capital and services represented only 5.7 per cent. Inflow from the traditional export commodities constituted a mere 1.7 per cent of the total.

OUTFLOW: Aggregate outflow of foreign exchange during the second quarter of 1985 stood at ₦3,025.2 million. This represented increases of 16.9 per cent. and 39.3 per cent. compared with ₦2,588.9 million in the preceding quarter and ₦2,172.4 million in the corresponding period of 1984, respectively. All items of disbursement recorded increases above their levels during the comparable period of 1984. Disbursement for imports and services which at ₦1,508.6 million and ₦616.7 million exceeded their respective levels in the preceding quarter by 24.3 per cent and 62.1 per cent. During the review period, the monthly foreign exchange budget of ₦666.7 million was persistently exceeded. The proportional foreign exchange budget of ₦2,000.0 million for the period was exceeded by ₦1,025.2 million.

*BALANCE OF PAYMENTS OFFICE
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Table 1

**FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK OF NIGERIA
DURING THE SECOND QUARTER OF 1985**

(N million)

Item	April to June 1984	Jan to March ¹ 1985	1985 ¹			April to June 1985 ¹
			April	May	June	
INFLOW						
1. Merchandise	2,276.7	2,610.3	918.9	993.8	835.5	2,748.2
Oil	(2,186.5)	(2,525.8)	(909.6)	(971.8)	(816.8)	2,698.2
Non-Oil	(90.2)	(84.5)	(9.3)	(22.0)	(18.7)	50.0
2. Capital	81.4	15.6	11.0	7.1	3.9	22.0
3. Services	103.7	62.9	42.3	31.1	16.5	89.9
Total	2,461.8	2,688.8	972.2	1,032.0	855.9	2,860.1
OUTFLOW						
1. Import of Goods	1,338.9	1,213.7	438.7	610.6	459.3	1,508.6
2. Services	343.9	380.5	240.6	217.6	158.5	616.7
3. Capital Repayment	318.1	714.5	188.6	194.3	286.3	669.2
4. Interest Payment	171.5	280.2	109.1	52.8	68.8	230.7
Total	2,172.4	2,588.9	977.0	1,075.3	972.9	3,025.2
NET FLOW	+145.1	+21.4	-4.8	-43.3	-117.0	-165.1

¹ Provisional

Table 2

NIGERIA'S EXTERNAL ASSETS

(N million)

Holder	June 1984	Dec 1984	March 1985	June 1985
OFFICIAL	991.0	1,096.8	1,196.7	1,031.6
(i) Central Bank ¹	(974.2)	(1,080.0)	(1,179.9)	(1,014.8)
(ii) Federal Government.....	(16.8)	(16.8)	(16.8)	(16.8)
Semi-Official Institutions				
with State Governments.....	5.9	5.8	5.7	5.7
Commercial Banks (Net).....	267.5	319.5	239.7	338.6
Total	1,264.4	1,422.1	1,442.1	1,375.9

¹ Excludes attached assets.