

FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK DURING THE THIRD QUARTER OF 1984

Foreign exchange transactions during the third quarter of 1984 resulted in a net outflow of ₦114.0 million in contrast to the net inflows of ₦289.4 million and ₦11.9 million recorded during the preceding quarter and the corresponding period of 1983, respectively. As a result, there was a decline in the level of official holdings of external reserves from ₦1,047.5 million at the end of the second quarter to ₦933.5 million. This compared with the reserve level of ₦802.2 million at the end of September 1983.

Inflow

Foreign exchange inflow during the third quarter totalled ₦2,224.9 million showing decreases of ₦236.9 million and ₦364.9 million from the levels recorded for the second quarter of 1984 and the corresponding quarter of 1983, respectively. This movement was attributed largely to the reduced level of inflow on merchandise trade and capital account. From ₦707.9 million in July 1984, foreign exchange receipts slumped to ₦670.6 million in August, and then jumped to ₦846.4 million in September (see Table 1).

A breakdown of the total receipts in the review period showed that merchandise export proceeds accounted for ₦2,090.6 million, a decrease of ₦186.1 million or 8.2 per cent compared with the total receipts in the preceding quarter. Receipts from crude oil amounted to ₦2,056.7 million while the non-oil commodity exports accounted for ₦33.9 million or 1.6 per cent of total merchandise receipts. Capital inflow declined substantially from the preceding quarter's level of ₦81.4 million to ₦25.7 million. Inflow on services account recorded a marginal increase of ₦4.9 million or 4.7 per cent over the level in the second quarter.

Cumulative inflow in January through September 1984 amounted to ₦6,774.6 million representing an increase of ₦623.5 million or 10.1 per cent over the level in the

comparable period of 1983. Merchandise export proceeds totalled ₦6,133.0 million, accounting for 90.5 per cent of total receipts while inflow in respect of capital and services accounts totalled ₦165.1 million and ₦300.9 million, respectively, (see Table 2).

Outflow

Total foreign exchange disbursements during the third quarter aggregated ₦2,338.9 million, higher by ₦166.5 million or 7.7 per cent compared with the level in the preceding quarter, but lower by ₦239.0 million or 9.3 per cent compared with the level in the corresponding period of 1983 (see Table 2). All items of outflow except services were at higher levels. Payments for goods increased marginally by ₦19.6 million or 1.5 per cent to ₦1,358.5 million in the review quarter. Similarly, external loan service increased from ₦489.6 million during the preceding quarter to ₦740.7 million. However, outpayments in respect of other services stood at ₦239.7 million, showing a decline of ₦104.2 million compared with the preceding quarter's level.

Total foreign exchange outpayments at ₦2,338.9 million during the quarter was higher than the proportional foreign exchange budget of ₦2.0 billion by ₦338.9 million or 16.9 per cent.

Aggregate outflow during the first three quarters of 1984 amounted to ₦6,639.6 million, showing an increase of ₦247.4 million or 3.9 per cent over the level in the corresponding period of 1983. Payments for visible trade alone accounted for ₦4,284.5 million or 64.5 per cent of total outpayments while outflow on account of interest payments, services and capital amortization accounted for 7.6, 11.4 and 16.5 per cent, respectively. Interest payments in respect of external loans totalled ₦507.9 million—₦131.4 million higher than the level in the comparable period of 1983.

Table 1

**INFLOW AND OUTFLOW OF FOREIGN EXCHANGE THROUGH THE CBN DURING THE
THIRD QUARTER 1984¹**

(₦ million)

Item	July	August	September	Total
<i>Inflow</i>				
1. Merchandise	670.0	624.2	795.6	2,090.6
Oil	(656.6)	(609.6)	(790.5)	(2,056.7)
Non-Oil	(14.2)	(14.6)	(5.1)	(33.9)
2. Capital	10.0	5.0	10.7	25.7
3. Services	27.1	41.4	40.1	108.6
Total	707.9	670.6	846.4	2,224.9
<i>Outflow</i>				
1. Import of Goods	422.7	553.6	382.2	1,358.5
2. Services	74.6	97.7	67.4	239.7
3. Capital	163.2	179.0	172.4	514.6
4. Interest	100.0	57.3	68.8	226.1
Total	760.5	887.6	690.8	2,338.9
Net Flow	-52.6	-217.0	+155.6	-114.0

¹ Provisional

Table 2

QUARTERLY FOREIGN EXCHANGE FLOWS THROUGH CENTRAL BANK

(₦ million)

	July-Sept. ¹ 1983	Jan.-Sept. ¹ 1983	April-June ¹ 1984	July-Sept. ¹ 1984	Jan.-Sept. ¹ 1984
<i>Inflow</i>					
1. Merchandise	2,389.9	5,505.4	2,276.7	2,090.6	6,308.6
Oil	(2,317.6)	(5,292.5)	(2,186.5)	(2,056.7)	(6,133.0)
Non-Oil	(72.3)	(212.9)	(90.2)	(33.9)	(175.6)
2. Capital	90.1	322.5	81.4	25.7	165.1
3. Services	109.8	323.2	103.7	108.6	300.9
Total	2,589.8	6,151.1	2,461.8	2,224.9	6,774.6
<i>Outflow</i>					
1. Import of Goods	1,614.9	3,987.4	1,338.9	1,358.5	4,284.5
2. Services	538.3	1,354.3	343.9	239.7	756.8
3. Capital	318.7	714.0	318.1	514.6	1,090.4
4. Interest	336.5	106.0	171.5	226.1	507.9
Total	2,577.9	6,392.2	2,172.4	2,338.9	6,639.6
Net Flow	+11.9	-241.1	+289.4	-114.0	+135.0

¹ Provisional

Table 3

NIGERIA'S EXTERNAL ASSETS

(₦ million)

Holder	September 1983	December 1983	June 1984	September 1984
Official	802.2	798.5	1,047.5	933.5
(i) Central Bank ¹	(785.4)	(781.7)	(1,030.7)	(916.7)
(ii) Federal Government	(16.8)	(16.8)	(16.8)	(16.8)
Semi-Official Institutions and State Governments	5.7	5.7	5.9	5.9
Commercial Banks (Net)	-64.2	+81.0	+267.5	+227.2
Total	743.7	885.2	1,320.9	1,166.6

¹ Excluding attached assets