

DEVELOPMENTS IN THE EXTERNAL SECTOR DURING THE SECOND QUARTER OF 1988

1.1 Foreign Exchange Flows

Provisional data on foreign exchange transactions through the Central Bank indicated a net outflow of ₦883.6 million during the second quarter of 1988, compared with a net outflow of ₦235.3 million in the preceding quarter and a net outflow of ₦189.3 million during the corresponding quarter of 1987. Thus, the external reserves declined from ₦4402.6 million (\$1025.6 million) in March to ₦3519.0 million (\$815.9 million) in June 1988. At this level, the reserves could finance barely 1.6 months of foreign exchange commitments at the current monthly rate of foreign exchange disbursement.

1.2 Foreign Exchange Inflow

Total foreign exchange inflow into the economy during the second quarter of 1988 amounted to ₦6981.9 million (\$1673.9 million), representing a decline of 9.9 per cent below the level of ₦7753.3 million (\$1826.9 million) during the preceding quarter, but an increase of 16.4 per cent above the level of ₦5995.3 million (\$1478.4 million) during the corresponding quarter of 1987. Oil receipts represented the bulk of foreign exchange inflow. However, at ₦5515.5 million (\$1322.3 million), oil receipts declined by 3.1 per cent below the level of ₦5690.0 million (\$1339.7 million) in the preceding quarter but showed an increase of 52.3 per cent above the level of ₦3621.4 million (\$1312.2 million) in the quarter ended June 1987. Inflow from autonomous sources stood at ₦1319.1 million (\$316.2 million) representing 18.9 per cent of total receipts. Comparatively, autonomous foreign exchange inflow declined by 12.6 per cent below the level in the preceding quarter, but increased by 56.2 per cent compared with the level during the second quarter of 1987.

1.3 Foreign Exchange Outflow

Total foreign exchange disbursement during the quarter amounted to ₦7251.3 million (\$1738.5 million), representing increases of 1.7 and 46.1 per cent above the levels of ₦7132.0 million (\$1679.2 million) and ₦4961.7 million (\$1514.7 million) in the preceding quarter and the corresponding quarter of 1987, respectively. Disbursement for visible imports, totalled ₦4029.3 million (\$966.0 million) or 55.6 per cent of total outpayment, and represented an increase of 11.1 per cent above the level in the preceding quarter, but a decline of 0.1 per cent below the level in the corresponding quarter of 1987. Debt service payment during the quarter amounted to ₦2115.0 million (\$507.1 million), representing 29.2 per cent of total disbursement. Comparatively this amount represented a decline of 8.9 per cent below the level in the preceding quarter and conversely, an increase of 267.3 per cent above the level in the corresponding quarter of 1987.

1.4 External Assets

Nigeria's external assets totalled ₦8831.3 million (\$2131.8 million) at the end of June 1988. This represents increases of 2.5 and 57.4 per cent above the levels in the preceding quarter and the corresponding quarter of 1987,

respectively. Central Bank holdings stood at ₦3519.0 million (\$849.4 million) or 39.8 per cent of total assets. This amount represents an increase of 19.0 per cent above the level in June 1987 but a decline of 20.1 per cent below the level in the preceding quarter. Commercial banks' net assets stood at ₦3487.0 million (\$841.7 million) representing 39.5 per cent of total assets, while Merchant banks' net assets stood at ₦1803.9 million (\$435.4 million) or 20.4 per cent of total assets at the end of June 1988.

1.5 Exchange Rate

The Naira exchange rate witnessed a marginal appreciation of 1.8 per cent in the foreign exchange market (FEM) during the quarter on an average basis. However, the Naira exchange rate depreciated on an end of quarter basis by 0.5 per cent from ₦4.2928 = \$1.00 in March to ₦4.3132 = \$1.00 in June 1988. In the autonomous market the Naira depreciated on an average basis by 18.9 per cent from ₦4.8172 = \$1.00 during the first quarter of 1988 to close at ₦5.9428 = \$1.00 during the quarter ended June 1988. Compared with the average (FEM) official rate during the second quarter, the autonomous average rate represented a subsidy of ₦1.7718 for every dollar purchased at the official foreign exchange market.

Balance of Payments Division
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FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK
(N['] Million)

Table 1

Category	2nd Quarter	Jan-June	1st Quarter	2nd Quarter ¹	Jan-June ¹	Percentage change between	
	Apr-June		Jan-Mar	Apr-June		1988	(1) & (2)
	1987	1987	1988	1988	1988	(6)	(7)
	(1)	(2)	(3)	(4)	(5)		
<i>Inflow</i>	5,151.0	9,551.6	6,243.3	5,662.8	11,906.1	+9.9	-9.3
<i>Outflow</i>	4,961.7	10,181.3	6,478.6	6,546.4	13,025.0	+31.9	+1.0
<i>Netflow</i>	+189.3	-629.7	-235.3	-883.6	-1,118.9	-566.8	-275.5

¹ Provisional.

FOREIGN EXCHANGE FLOWS THROUGH THE CBN AND OTHER BANKS
(N['] Million)

Table 2

Category	2nd Quarter	1st Quarter	April	May	June	2nd Quarter	Percentage change	
	Apr-June	Jan-March				Apr-June	between	(1) & (6)
	1987	1988	1988	1988	1988	1988	(7)	(8)
	(1)	(2)	(3)	(4)	(5)	(6)		
<i>Inflow</i>	5,995.3	7,753.3	2,308.0	2,178.6	2,495.3	6,981.9	+16.4	-9.9
Oil	3,621.4	5,690.0	1,860.8	1,654.9	1,999.8	5,515.5	+52.3	-3.1
Non-Oil	2,373.9	2,063.3	447.2	523.7	495.5	1,466.4	-38.2	-28.9
(i) CBN	(1,529.5)	(553.3)	(118.4)	(5.7)	(23.2)	(147.3)	-90.4	-73.4
(ii) Other Banks	(844.4)	(1,510.0)	(328.8)	(518.0)	(472.3)	(1,319.1)	+56.2	-12.6
<i>Outflow</i>	4,961.7	7,132.0	3,019.2	1,817.7	2,414.4	7,251.3	+46.1	+1.7
(i) Visible	4,035.5	3,624.9	2,010.3	773.4	1,245.6	4,029.3	-0.1	+11.1
(ii) Invisible	926.2	2,853.7	735.1	864.7	917.3	2,517.1	+171.8	-11.8
(a) Debt Service	575.8	2,322.1	481.5	806.1	827.4	2,115.0	+267.3	-8.9
(i) Loan Repayment	(305.2)	(558.7)	(147.4)	(221.3)	(352.0)	(720.7)	+136.1	+29.0
(ii) Interest Payment	(270.6)	(1,763.4)	(334.1)	(584.8)	(475.4)	(1,394.3)	+415.3	-20.9
(b) Others	350.4	543.9	253.6	58.6	89.9	402.1	+14.7	-26.1
(iii) Autonomous Outflow	n.a.	653.4	273.8	179.6	251.5	704.9	-	+7.9
<i>Netflow</i>	+1033.6	+621.3	-711.2	+360.9	+80.9	-269.4	-126.1	-143.4

NIGERIA'S EXTERNAL ASSETS
(N['] Million)

Table 3

Holder	June	December	March	June	Percentage change between	
	1987	1987	1988	1988 ²	(1) & (4)	(3) & (4)
	(1)	(2)	(3)	(4)	(5)	(6)
1. OFFICIAL	2,976.9	4,657.1	4,421.8	3,538.2	+18.8	-20.0
(i) Central Bank ¹	2,957.7	4,637.9	4,402.6	3,519.0	+19.0	-20.1
(ii) Federal Government	16.8	16.8	16.8	16.8	-	-
(iii) State Governments	2.4	2.4	2.4	2.4	-	-
2. SEMI-OFFICIAL INSTITUTIONS	3.3	2.3	2.3	2.3	-30.3	-
3. COMMERCIAL BANKS (NET)	1,254.7	2,101.4	2,782.9	3,487.0	+177.9	+25.2
4. MERCHANT BANKS (NET)	1,375.1	636.4	1,407.8	1,803.9	+31.2	+28.1
TOTAL	5,610.0	7,397.2	8,614.8	8,831.3	+57.4	+2.5

¹ Excludes attached assets

² Provisional.