

DEVELOPMENTS IN NIGERIA'S EXTERNAL SECTOR DURING THE THIRD QUARTER OF 1987

Transactions in foreign exchange during the third quarter of 1987 resulted in a net inflow of ₦1,184.5 million. This compared with net inflows of ₦189.3 million and ₦466.9 million during the preceding quarter and the corresponding period of 1986, respectively. Consequently, the level of official external reserves increased by 39.8 per cent over the level in the preceding quarter to ₦4,159.0 million at the end of the period under review. This level of reserves was still low as it would cover barely two months level of foreign exchange requirement, at the prevailing rate of outpayments.

Foreign Exchange Inflow

Total foreign exchange receipts, of the Central Bank and the other banks, during the third quarter of 1987 amounted to ₦6,965.1 million, representing an increase of ₦969.8 million over the level during the preceding quarter. Oil receipts totalled ₦5,668.3 million while non-oil receipts aggregated ₦1,296.8 million.

Inflow through the Central Bank stood at ₦6,264.2 million or 91.2 per cent of the total while autonomous inflow through commercial banks, stood at ₦701.1 million. These compared with the public sector total inflow of ₦5,150.9 million and autonomous receipts of ₦844.4 million during the preceding quarter.

Cumulative inflow during January through September 1987 amounted to ₦18,636.9 million, representing an increase of ₦12,591.9 million over the level during the first nine months of 1986. This huge increase was largely attributable to the sharp depreciation of the Naira through the operations of FEM since 1986. A breakdown into sectors showed that oil receipts amounted to ₦12,733.5 million while non-oil inflow aggregated ₦5,903.4 million. Of the non-oil receipts, autonomous inflow through the banks totalled ₦2,821.4 million (see table 2).

Foreign Exchange Disbursement

Foreign exchange outpayments during the third quarter of 1987 amounted to ₦5,079.5 million, showing increases of ₦117.8 million and ₦3,539.4 million over the levels during the second quarter of 1987 and the corresponding period of 1986 respectively (see table 2).

A breakdown into the major categories showed that payments for visible imports accounted for ₦3,768.2 million or 74.2 per cent of total disbursements while payments for invisible items stood at ₦1,311.3 million or 25.8 per cent. Payments in respect of external debt servicing accounted for ₦852.9 million out of total disbursements on invisible transactions. During the preceding quarter outpayments on visible and invisible transactions amounted to ₦4,035.5 million and ₦926.2 million, respectively.

During the period January through September 1987, foreign exchange disbursements amounted to ₦15,260.8 million, higher by ₦9,581.3 million over the level in the corresponding period of 1986, due largely to the impact of currency depreciation. Then, outpayments on both visible and invisible imports stood at ₦2,426.6 million and ₦3,252.9 million, respectively.

Exchange Rate

The Naira/Dollar exchange rate stood at \$1.00 = ₦4.2227 at the end of September 1987. This represents a depreciation of the

Naira by 11.5 per cent when compared with the end-June 1987 rate of \$1.00 = ₦3.7375. Compared with the rate at the end-December 1986, the Naira was depreciated by 21.5 per cent at the end of the third quarter, 1987.

External Assets

Nigeria's total external assets at the end of September 1987 stood at ₦5,983.3 million (\$1,416.9 million), representing an increase of ₦1,748.3 million over the level at the end of June 1987.

A breakdown of the assets by major holders put Central Bank's holdings at ₦4,142.2 million while those of Commercial banks (net) totalled ₦1,818.5 million. The share of Federal Government and States/Semi-official institutions remained at the same levels as in June 1987.

Balance of Payments Office
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FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK¹
(N' Million)

Table 1

Category	Jul-Sept	Jan-Sept	Apr-Jun	Jul-Sept	Jan-Sept	Percentage change between		
	1986	1986	1987	1987	1987	(1) & (4)	(3) & (4)	(2) & (5)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Inflow</i>	2,007.0	6,045.0	5,151.0	6,264.0	15,815.6	+212.1	+21.6	+161.6
<i>Outflow</i>	1,540.1	5,679.5	4,961.7	5,079.5	15,260.8	+229.8	+2.37	+168.7
<i>Net</i>	+466.9	+365.5	+189.3	+1,184.5	+554.8	+153.7	+525.7	+51.8

¹ Provisional

FOREIGN EXCHANGE FLOWS THROUGH THE CBN AND OTHER BANKS¹
(N' MILLION)

Table 2

Category	Jul-Sept	Jan-Sept	Apr-Jun	July	August	September	Jul-Sept	Jan-Sept
	1986	1986	1987	1987	1987	1987	1987	1987
<i>Inflow</i>	2,007.0	6,045.0	5,995.3	2,426.1	2,369.3	2,169.7	6,965.1	18,636.9
(i) Oil.....	1,842.0	5,526.0	3,621.4	1,766.8	2,076.2	1,825.3	5,668.3	12,733.5
(ii) Non-oil.....	165.0	519.0	2,373.9	659.3	293.1	344.4	1,296.8	5,903.4
(a) CBN.....	(165.0)	(519.0)	(1,529.5)	(490.2)	(29.8)	(75.7)	(595.7)	(3,082.0)
(b) Other Banks.....	(—)	(—)	(844.4)	(169.1)	(263.3)	(268.7)	(701.1)	(2,821.4)
<i>Outflow</i>	1,540.1	5,679.5	4,961.7	1,254.9	1,193.6	2,631.0	5,079.5	15,260.8
(i) Visible.....	902.3	2,426.6	4,035.5	975.8	751.6	2,040.8	3,768.2	11,876.4
(ii) Invisible.....	637.8	3,252.9	926.2	279.1	442.0	590.2	1,311.3	3,384.4
(a) Debt Service.....	293.2	2,035.7	561.3	136.1	376.6	340.2	852.9	2,008.2
—Loan Repayments.....	(87.1)	(1,341.5)	(291.8)	(48.5)	(253.0)	(245.0)	(546.5)	(1,009.5)
—Interest Payments.....	(206.1)	(694.2)	(269.5)	(87.6)	(123.6)	(95.2)	(306.4)	(998.7)
(b) Others.....	344.6	1,217.2	364.9	143.0	65.4	250.0	458.4	1,376.2
<i>Net Flow</i>	+466.9	+365.5	+1,033.6	+1,171.2	+1,175.7	-461.3	+1,885.6	+3,376.1

¹ Provisional

NIGERIA'S EXTERNAL ASSETS
(N' MILLION)

Table 3

Holder	September	December	June	September	Percentage change between		
	1986	1986	1987	1987	(1) & (2)	(3) & (4)	(2) & (4)
	(1)	(2)	(3)	(4)			
1. Official	2,023.4	3,604.2	2,974.5	4,159.0	+78.1	+39.8	+15.4
(i) Central Bank ¹	2,006.6	3,587.4	2,957.7	4,142.2	+78.8	+40.0	+15.5
(ii) Federal Government	16.8	16.8	16.8	16.8	—	—	—
2. Semi-official Institutions and State Government	5.7	5.7	5.7	5.7	—	—	—
3. Commercial Banks (net)	515.8	1,412.7	1,254.7	1,818.5	+173.9	+44.9	+28.7
Total	2,544.9	5,022.6	4,234.9	5,983.2	+17.4	+41.3	+19.1
US\$	1,581.5	1,514.4	1,133.1	1,416.9	-4.2	+25.0	-6.4
Of which CBN	1,246.9	1,081.6	791.4	980.9	-13.3	+23.9	-9.3
\$1.00 = N	1.6092	3.3166	3.7375	4.2227	-94.0	-12.9	-27.3

¹ Excludes attached assets