

# DEVELOPMENTS IN THE AGRICULTURAL SECTOR IN THE THIRD QUARTER OF 1990

## I. PREDOMINANT AGRICULTURAL ACTIVITIES

Several major agricultural activities were encouraged by heavy rains which averaged 252 mm per month during the quarter representing increases of 75.4 and 4.2 per cent when compared with its level in the preceding quarter and in the corresponding period of 1989. The rains not only favoured late planting of cassava and maize and the transplanting of pepper and tomato from nurseries but also heightened the need for intensive weeding of farms. In addition, harvesting of yams, sweet potatoes, grains and vegetables were at their peak. Drying, processing and storage of most of the harvested items were enhanced by the August break. Abundant pasture helped to sustain livestock production and the supply of inputs to fishing co-operatives by DFERRI and the ADPs largely supported artisanal fishing.

The intense farming activities were, however, dampened by grasshopper and army worm outbreak which destroyed beans, groundnuts and millet in some northern states. The heavy rain in the south aggravated the menace of erosion while its early cessation in the north occasioned droughts in some parts of Borno, Kano, Katsina and Sokoto states.

A total of 207,632 tonnes of various fertilizer types were supplied during the quarter. This brought the total supply for the first three quarters to 1,064,007 tonnes, representing a 60.4 per cent increase over the quantity supplied in the corresponding period of 1989.

## II. INSTITUTIONAL AGRICULTURAL CREDIT

A sum of ₦48.8 million was granted to farmers under the Agricultural Credit Guarantee Scheme (ACGS) during the quarter under review. This represented a substantial increase of 88.3 per cent over the level granted in the second quarter. A sub-sectoral break-down revealed that foodcrops attracted the largest amount of ₦40.3 million or 82.5 per cent for the benefit of 14,839 farmers. The sub-sector "others" took ₦6.59 million or 13.5 per cent. The livestock sub-sector followed with ₦1.9 million or 4.0 per cent of the loans granted.

A state by state analysis showed that Borno State received the highest amount of loans, with ₦6.3 million or 13.1 per cent, disbursed to 2,664 farmers. Bauchi state followed with ₦5.12 million or 10.6 per cent of the loans. Sokoto State received ₦4.15 million or 8.6 per cent. The balance (₦32.8 million or 67.7 per cent) was shared among the remaining 18 states and Abuja.

## III. TRENDS IN MAJOR AGRICULTURAL PRICES

### Domestic Retail Prices

Domestic Retail Prices of most staples moderated during the third quarter compared with their levels in the preceding quarter. Among the food items whose prices fell were yellow gari (23.95 per cent), benniseed (9.10 per cent), yam flour (1.44 per cent) and brown beans (1.30 per cent). At the same time, the retail prices of some other staples recorded increases which ranged from 0.69 per cent for eggs to 27.95

per cent for guinea corn (see table 2). The rise in the price of grains was induced by strong demand by agro-based industries.

The producer price of cotton rose by 3.9 and 26.4 per cent over its levels in the preceding quarter and the corresponding period in 1989.

### World Commodity Market

Prices of Nigeria's major agricultural commodities remained relatively stable at the London Commodity Exchange during the third quarter of 1990 with marginal declines in the all items index. At 102.0 (1975 = 100), the aggregate dollar-price index fell by 1.2 per cent from the second quarter's level but rose by 1.4 per cent when compared with the corresponding period of last year. The naira index recorded a similar trend with a drop of 0.9 per cent below the level in the preceding quarter and an increase of 11.9 per cent when compared with the level a year ago. Fluctuations of the dollar-naira exchange rate and uncertainty arising from the Gulf crisis contributed to this decline.

Relative to the preceding quarter, five, out of nine commodities monitored recorded price declines in terms of both currencies. The declines, in dollar terms, were as follows: cocoa (5.7 per cent), coffee (1.4 per cent), copra (14.1 per cent), palm kernel (24.4 per cent) and soyabean (2.3 per cent). In naira terms, the respective declines were 5.5, 1.2, 13.8, 24.4 and 1.8 per cent. (See Tables 1 and 2).

During the quarter under review, the market for beverages was characterised by a slump occasioned by the blockade of Iraq, the hot weather in Britain which slowed down the demand for confectioneries and beverages and lower purchases by the Soviet Union.

At 72.8, the dollar price index of *cocoa* fell by 5.7 and 1.2 per cent below the respective levels in the preceding quarter and the corresponding period in 1989. In naira terms, the index declined by 5.5 per cent below the previous quarter's level to close at 941.3. However, when compared with the corresponding quarter of last year, an increase of 8.5 per cent was observed. The downward trend in cocoa price was slightly curtailed by reduced cocoa bean supply associated with social unrest in Cote d'Ivoire and efforts by the International Cocoa Organization (ICCO) to improve buffer stock management.

The price index of *coffee*, in dollars, stood at 123.0 representing declines of 5.7 and 0.2 per cent below the levels in the second quarter of 1990 and the third quarter of 1989, respectively. In naira terms, the coffee price index at 1,590.3, was down by 1.2 per cent from last quarter's level but up by 11.1 per cent above the level in the third quarter of last year. It is expected that the coffee market will pick up when Brazil accepts reduced export quota and a new international coffee pact becomes effective.

Vegetable oil and oilseeds recorded declines in their dollar prices during the period under review. The only exception was palm oil whose price increased by 7.4 per cent in both currencies. However, groundnut oil registered marginal increase in its naira price.

*Copra* price index, in dollar terms, declines by 14.1 per cent to close at 82.4 (1975 = 100). A decline of 37.9 per cent was also observed when compared with the price level a year ago. In naira terms, the declines amounted to 13.8 and 31.8 per cent below the levels in the preceding and corresponding quarter of last year, respectively. The decline in copra price was attributed to increased Indonesian copra exports which boosted supply.

Similarly, the price of *groundnut oil*, in dollars, suffered a marginal decline of 0.2 per cent below the level in the previous quarter, but increased by 15.8 per cent over the level in the third quarter of 1989. In naira terms, the price increased by 0.2 per cent over its level in the second quarter and by 27.9 per cent over 1989 third quarter's price.

At 64.1 (1975 = 100), the price index of *palm oil*, in both dollar and naira terms, rose significantly by 7.4 per cent over the levels in the preceding quarter. The increase was largely associated with increased substitution of palm oil for coconut oil by industries. However, when compared with the levels in the corresponding quarter of last year, the index dropped by 17.8 and 4.9 per cent, in dollar and naira terms, respectively.

*Palm kernel* suffered significant price losses in both currencies during the period under review. At 72.0 (1975 = 100), its price, in dollars, declined by 24.4 and 28.9 per cent from its respective levels in the preceding quarter and the corresponding period of 1989. A similar trend was observed in naira terms as the index fell by 24.4 per cent below the second quarter's level to close at 929.3. Excess supply by Malaysia mainly contributed to the lull in palm kernel price.

Marginal declines were observed in the price of *soyabean*. At 121.1 (1975 = 100) soyabean price, in dollar terms, declined by 2.3 and 24.0 per cent below the levels in the previous quarter and in the corresponding quarter of 1989, respectively. A similar situation obtained in naira terms, as the index at 1,564.9, represented a drop of 1.8 per cent below the preceding quarter's level and 16.8 per cent below its level a year ago. Good yields in most producing countries and weak demand accounted for the falling price.

*Wheat* price fell drastically in both currencies. At \$138.0 per tonne, it declined by 22.8 and 57.5 per cent relative to its respective levels in the preceding quarter and a year ago. The price behaviour in naira terms was not much different. At ₦1,098.7 per tonne it represented declines of 22.5 and 48.1 per cent below the levels in the preceding quarter and in the corresponding period of last year.

The gum arabic market continued with its stagnation at \$2,100 per tonne. Thus the 0.3 per cent price increase, in naira terms, was merely an exchange rate effect. (See Tables 3 and 4).

Agricultural Studies Office  
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Table 1

**AVERAGE MONTHLY RAINFALL BY STATE (MM) IN  
THE THIRD QUARTER OF 1990**

States	3rd Quarter	2nd Quarter	3rd Quarter	Percentage Change Between	
	1989 (1)	1990 (2)	1990 (3)	(1) & (3)	(2) & (3)
Abuja		153.1	253		65.3
Akwa-Ibom		304.8	415		36.2
Anambra		201.1	350		74.1
Bauchi		71.5	203		183.9
Bendel		208.3	422		102.6
Benue		110.6	266		164.4
Borno		8.8	121		1,275.0
Cross River		228.1	381		67.0
Gongola		121.9	170		39.5
Imo		190.2	294		54.6
Kaduna		81.3	254		212.4
Kano		40.8	89		118.1
Katsina		NA	165		-
Kwara		117.3	216		84.1
Lagos		232.4	279		20.1
Niger		136.4	193		41.5
Ogun		168.4	184		9.3
Ondo		137.1	255		86.0
Oyo		145.2	166		14.3
Plateau		166.4	231		38.8
River		139.3	465		233.8
Sokoto		55.4	170		206.9
National Average	214.8	143.7	252		75.4

Source: Dept. of Meteorology, Oshodi

Table 2

**ESTIMATED DOMESTIC PRICES OF SELECTED STAPLE FOODS IN THE THIRD QUARTER, 1990  
(N)**

Food Item	Unit	2nd Quarter	3rd Quarter	Percentage Change Between	
		1990 (1)	1990 (2)		(1) & (2)
Local rice	50 kg	298	300		0.69
Beans (Brown)	100 kg	513	506		-1.31
Beans (White)	"	475	487		2.52
Millet	"	165	187		13.30
Guinea Corn	"	161	206		27.95
Maize (Yellow)	"	164	178		8.53
Maize (White)	"	162	168		3.90
Benniseed	"	494	449		-9.10
Garri (Yellow)	"	299	228		-23.75
Garri (White)	"	206	222		7.77
Yam Flour	"	278	274		-1.44
Eggs (Medium)	Crate	24.32	24.55		0.95
Palm Oil	Tin	124	141		13.71
Groundnut Oil	"	174	176		1.52
Vegetable Oil	"	152	154		1.31

Source: Computed from CBN Monthly Nation-Wide Price Survey Data

Table 3

**INDICES OF AVERAGE WORLD PRICES (C.I.F.) IN LONDON (DOLLAR PER TONNE) OF  
NIGERIA'S MAJOR AGRICULTURAL COMMODITIES IN THE THIRD QUARTER, 1990  
(1975 = 100)**

Commodities	3rd Qrt. 1989 (1)	2nd Qrt. 1990 (2)	3rd Qrt. 1990 (3)	Percentage Change Between	
				(1) & (3)	(2) & (3)
All Commodities	100.6	103.2	102.0	1.4	-1.2
Cocoa	73.7	77.2	72.8	-1.2	-5.7
Coffee	123.3	124.8	123.0	-0.2	-1.4
Copra	132.7	95.9	82.4	-37.9	-14.1
Cotton	129.7	144.1	149.3	15.1	3.6
Groundnut	-	-	-	-	-
Groundnut Oil	86.2	100.0	99.8	15.8	-0.2
Palm Oil	78.0	59.7	64.1	-17.8	7.4
Palm Kernel	101.2	95.2	72.0	-28.9	-24.4
Soyabean	159.4	123.9	121.1	-24.0	-2.3
Ginger	54.6	59.9	71.5	31.0	19.4
Rubber	120.5	-	-	-	-

Source: Public Ledger

Table 4

**INDICES OF AVERAGE WORLD PRICES (C.I.F.) IN LONDON (NAIRA PER TONNE) OF  
NIGERIA'S MAJOR AGRICULTURAL COMMODITIES IN THE THIRD QUARTER OF 1990  
(1975 = 100)**

Commodities	3rd Qrt. 1989 (1)	2nd Qrt. 1990 (2)	3rd Qrt. 1990 (3)	Percentage Change Between	
				(1) & (3)	(2) & (3)
All Commodities	1,178.7	1,331.0	1,319.1	11.9	-0.9
Cocoa	867.4	995.6	941.3	8.5	-5.5
Coffee	1,431.2	1,609.4	1,590.3	11.1	-1.2
Copra	1,562.4	1,237.3	1,066.3	-31.8	-13.8
Cotton	1,528.0	1,858.9	1,930.8	26.4	3.9
Groundnut	-	-	-	-	-
Groundnut Oil	1,007.7	1,287.4	1,289.3	27.9	0.2
Palm Oil	871.3	771.6	828.4	-4.9	7.4
Palm Kernel	1,192.1	1,228.4	929.3	-22.1	-24.4
Soyabean	1,881.5	1,594.3	1,564.9	-16.8	-1.8
Ginger	643.0	772.2	918.0	42.8	18.9
Rubber	1,419.9	-	-	-	-

Source: Public Ledger

Table 5

**AVERAGE PRICES OF GRAINS, SUGAR AND GUM ARABIC IN ₦/TONNE  
IN THE THIRD QUARTER, 1990**

Commodities	3rd Qrt. 1989 (1)	2nd Qrt. 1990 (2)	3rd Qrt. 1990 (3)	Percentage Change Between	
				(1) & (3)	(2) & (3)
Rice	2,539.3	—	—	—	—
Maize	921.9	1,083.5	1,005.9	9.1	-7.2
Sugar	3,830.7	4,311.7	3,938.6	2.8	-8.7
Wheat	2,115.2	1,418.5	1,098.7	-48.1	-22.5
Gum Arabic	19,501.5	16,675.7	16,722.2	-14.3	0.3

Source: Public Ledger

Table 6

**AVERAGE PRICES OF GRAINS, SUGAR AND GUM ARABIC IN \$/TONNE  
IN THE THIRD QUARTER OF 1990**

Commodities	3rd Qrt. 1989 (1)	2nd Qrt. 1990 (2)	3rd Qrt. 1990 (3)	Percentage Change Between	
				(1) & (3)	(2) & (3)
Rice	350.0	—	—	—	—
Maize	127.1	136.3	126.3	-0.6	-7.3
Sugar	528.0	542.9	494.6	-6.3	-8.9
Wheat	325.0	178.7	138.0	-57.5	-22.8
* Gum Arabic	2,687.3	2,100.00	2,100.00	-21.9	0.0

Source: Public Ledger

Table 7

**GUARANTEED LOANS UNDER THE AGRICULTURAL CREDIT  
GUARANTEE SCHEME (ACGS) BY PURPOSE, THIRD  
QUARTER 1990 (₦'000)**

Purpose	3rd Quarter 1989		2nd Quarter 1990		3rd Quarter 1990	
	No.	Amount	No.	Amount	No.	Amount
LIVESTOCK	119	1,332.6	139	1,717.1	154	1,941.7
Poultry	49	531.2	37	1,074.6	64	1,414.8
Cattle	31	667.3	56	532.5	37	366.6
Sheep	16	37.0	18	58.5	32	95.3
Other Livestock	23	97.1	446	1,250.7	21	65.0
FISHERY	53	1,245.8	28	51.5	168	952.0
MIXED FARMING	1	5.0	—	—	—	—
FOOD CROPS	12,466	39,284.3	5,353	20,122.3	14,839	40,248.1
Grains	9,957	31,364.8	442	11,975.0	12,047	32,345.4
Roots & Tubers	2,509	7,919.5	2,241	8,147.3	2,792	7,902.7
CASH CROPS	837	2,962.2	238	748	303	1,483.6
Oil Palm	1	10.0	—	55	—	—
Rubber	10	30.0	—	—	—	—
Cocoa	70	273.0	29	125.3	1	50.0
Cotton	446	2,033.0	5	101.0	107	740.0
Groundnut	310	616.2	204	467.5	195	693.6
OTHERS	637	1,968.0	467	1,075.6	875	4,182.7
TOTAL	14,113	46,787.9	7,673	25,914.5	16,339	48,808.1

Source: CENTRAL BANK OF NIGERIA.

Table 8

**GUARANTEED LOANS UNDER THE ACGS  
BY STATE, THIRD QUARTER 1990 (N'000)**

States	3rd Quarter 1989		2nd Quarter 1990		3rd Quarter 1990	
	No.	Amount	No.	Amount	No.	Amount
Akwa Ibom	—	—	64	786.9	49	289.9
Anambra	1,554	4,648.6	699	3,369.6	814	2,194.4
Bauchi	508	2,802.9	192	503.5	1,290	5,121.2
Bendel	678	2,779.2	671	1,039.0	698	2,603.6
Benue	861	2,818.6	535	847.9	1,213	3,248.3
Borno	2,495	5,584.3	658	1,127.8	2,664	6,321.8
Cross River	234	1,045.3	576	1,189.3	116	165.2
Gongola	380	1,269.4	224	603.7	486	1,571.8
Imo	397	1,297.2	205	1,509.3	845	2,839.0
Kaduna	513	2,524.0	401	952.8	1,151	3,083.1
Kano	1,146	3,236.5	254	733.2	857	2,585.3
Katsina	154	1,708.8	23	187.0	830	3,390.1
Kwara	411	1,114.7	342	427.9	720	1,632.1
Lagos	227	578.1	92	260.0	35	104.2
Niger	1,495	4,087.3	1,924	4,398.4	1,581	3,362.5
Ogun	84	336.0	242	1,070.5	133	538.0
Ondo	167	699.8	827	1,153.9	168	983.9
Oyo	675	4,413.4	395	2,211.5	198	1,226.2
Plateau	199	727.4	269	628.0	470	2,627.7
Rivers	205	854.1	431	2,225.6	76	345.0
Sokoto	1,720	4,173.4	352	688.7	2,086	4,156.5
Total	14,113	46,698.5	9,376	25,914.5	16,100	48,385.8

Source: Central Bank of Nigeria