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## Foreign Exchange Flows through the Central Bank during the Second Quarter of 1984

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## FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK DURING THE SECOND QUARTER OF 1984

Foreign exchange flows during the second quarter of 1984 showed a net inflow of ₦289.4 million. This contrasted with the net outflows of ₦40.4 million and ₦103.0 million recorded during the preceding quarter of 1984 and the corresponding period of 1983, respectively. Consequently, the level of official holdings of external reserves which stood at ₦758.1 million at the end of the first quarter increased by ₦289.4 million to ₦1,047.5 million at the end of the second quarter. Further, compared with the level during the corresponding period of 1983 the reserves were higher by ₦257.2 million. The improvement in the foreign exchange position resulted largely from administrative measures adopted to slow down the rate of disbursement.

However, even at the higher level, the reserves would cover barely two months of Nigeria's foreign exchange commitments at the prevailing rate of outpayments and therefore would still be far below the conventional minimum of four months' cover (See Tables 1-3).

### **Inflow**

Aggregate inflow during the quarter amounted to ₦2,461.8 million, higher by ₦373.9 million or 19.8 per cent and ₦806.6

million or 59.5 per cent than the levels during the first quarter of 1984 and the corresponding period of 1983, respectively. The increase was reflected in all accounts, merchandise (oil and non-oil), capital and services. Oil revenue amounted to ₦2,186.5 million. Capital inflow and earnings from services at 81.4 and ₦103.7 million were higher than their respective levels in the first quarter of 1984 but lower than in the corresponding period of 1983.

### **Outflow**

Foreign exchange disbursements during the second quarter of 1984 totalled ₦2,172.4 million, representing increases of ₦44.1 million or 2.1 per cent and ₦414.2 million or 23.6 per cent from the levels recorded during the first quarter of 1984 and the corresponding period of 1983, respectively. Except capital outflow which declined by ₦177.5 million from the level during the first quarter, all other items recorded increases over the level in the preceding quarter. Payments for goods, services and interest on loans increased from their respective levels of 1,182.3, 301.8 and ₦148.6 million during the first quarter to 1,338.9, 343.9 and ₦171.5 million during the period under review.

Table 1

**INFLOW AND OUTFLOW OF FOREIGN EXCHANGE DURING THE SECOND QUARTER OF 1984<sup>1</sup>**

(₦ million)

| Item               | April   | May     | June    | Total     |
|--------------------|---------|---------|---------|-----------|
| <i>Inflow</i>      |         |         |         |           |
| 1. Merchandise     | 670.0   | 869.5   | 737.2   | 2,276.7   |
| Oil                | (627.0) | (844.1) | (715.4) | (2,186.5) |
| Non-Oil            | (43.0)  | (25.4)  | (21.8)  | (90.2)    |
| 2. Capital         | 15.6    | 17.4    | 48.4    | 81.4      |
| 3. Services        | 44.9    | 28.7    | 30.1    | 103.7     |
| Total              | 730.5   | 915.6   | 815.7   | 2,461.8   |
| <i>Outflow</i>     |         |         |         |           |
| 1. Import of Goods | 383.8   | 573.8   | 381.3   | 1,338.9   |
| 2. Services        | 96.0    | 152.5   | 95.4    | 343.9     |
| 3. Capital         | 68.8    | 161.1   | 88.2    | 318.1     |
| 4. Interest        | 36.8    | 68.4    | 66.3    | 171.5     |
| Total              | 585.4   | 955.8   | 631.2   | 2,172.4   |
| Net Flow           | +145.1  | -40.2   | +184.5  | +289.4    |

<sup>1</sup> Provisional

Table 2

**QUARTERLY FOREIGN EXCHANGE FLOWS THROUGH CENTRAL BANK**

(₦ million)

|                    | April-June <sup>1</sup><br>1983 | January-March <sup>1</sup><br>1984 | April-June <sup>1</sup><br>1984 |
|--------------------|---------------------------------|------------------------------------|---------------------------------|
| <i>Inflow</i>      |                                 |                                    |                                 |
| 1. Merchandise     | 1,418.7                         | 1,941.3                            | 2,276.7                         |
| Oil                | (1,356.5)                       | (1,889.8)                          | (2,186.5)                       |
| Non-Oil            | (62.2)                          | (51.5)                             | (90.2)                          |
| 2. Capital         | 125.0                           | 58.0                               | 81.4                            |
| 3. Services        | 111.5                           | 88.6                               | 103.7                           |
| Total              | 1,655.2                         | 2,087.9                            | 2,461.8                         |
| <i>Outflow</i>     |                                 |                                    |                                 |
| 1. Import of Goods | 1,191.7                         | 1,182.3                            | 1,338.9                         |
| 2. Services        | 297.9                           | 301.8                              | 343.9                           |
| 3. Capital         | 142.5                           | 495.6                              | 318.1                           |
| 4. Interest        | 126.1                           | 148.6                              | 171.5                           |
| Total              | 1,758.2                         | 2,128.3                            | 2,172.4                         |
| Net Flow           | -103.0                          | -40.4                              | +289.4                          |

<sup>1</sup> Provisional

Table 3

**NIGERIA'S EXTERNAL ASSETS**

(₦ million)

| Holder                          | June 1983 | December 1983 | March 1984 | June 1984 |
|---------------------------------|-----------|---------------|------------|-----------|
| Official                        | 790.3     | 798.5         | 758.1      | 1,047.5   |
| (i) Central Bank <sup>1</sup>   | (773.5)   | (781.7)       | (741.3)    | (1,030.7) |
| (ii) Federal Government         | (16.8)    | (16.8)        | (16.8)     | (16.8)    |
| Semi-Official Institutions with |           |               |            |           |
| State Governments               | 5.9       | 5.7           | 5.8        | 5.9       |
| Commercial Banks (Net)          | -68.8     | +81.0         | +230.6     | +267.5    |
| Total                           | 727.4     | 885.2         | 994.5      | 1,320.9   |

<sup>1</sup> Excluding attached assets