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FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK DURING THE FIRST AND THE SECOND QUARTERS OF 1983

Transactions in foreign exchange through the Central Bank of Nigeria during the first and the second quarters of 1983 resulted in net outflows of ₦150.0 million and ₦103.0 million, respectively. During the comparable periods of the preceding year net outflows of ₦1,464.3 million and ₦119.1 million were recorded (see Table 1). The movements in foreign exchange led to a further reduction in the level of official holdings of external reserves during the first two quarters of 1983. From the level of ₦1,043.3 million at the end of December 1982 external reserves declined to ₦893.3 million and ₦790.3 million at the end of March and June 1983, respectively, (see Table 2).

The level of external reserves at the end of each of the quarters under review was barely sufficient to meet Nigeria's foreign exchange requirements for one and a half months' imports at the prevailing rate of disbursements as against the conventional minimum of four months' imports.

Inflow:

Total foreign exchange inflow during the first two quarters showed further declines. During the first quarter, inflow of foreign exchange aggregated ₦1,906.1 million, down by ₦864.5 million or 31.2 per cent from the level in the corresponding period of 1982. Total inflow during the second quarter, amounted to ₦1,655.2 million showing decreases of ₦607.9 million and ₦250.9 million compared with the same quarter of 1982 and the first quarter of 1983, respectively. The reduction in the levels of inflow during the review period was attributable largely to lower receipts from oil exports. Oil receipts dropped to ₦1,618.4 million during the first quarter of 1983 from ₦2,363.1 million during the corresponding period of 1982 and further to ₦1,356.5 million during the second quarter.

On the other hand, proceeds from commodity exports increased by ₦8.7 million during the first quarter of 1983 compared with the corresponding period of 1982. Compared with the first quarter of 1983, non-oil export receipts declined by ₦16.2 million during the second quarter. However, at ₦62.2 million the proceeds represented an increase of ₦24.2 million (63.7 per cent) over the level in the comparable period of 1982.

Capital inflow during the first quarter of 1983 recorded a marginal increase of ₦2.5 million over the level during the corresponding period of 1982. Also during the second quarter, a further increase of ₦17.6 million was recorded to put capital inflow at ₦125.0 million. Earning from services during the first quarter amounted to ₦101.9 million, lower by ₦130.7 million compared with ₦232.6 million during the first quarter of 1982. However, an increase of ₦9.6 million or 9.4 per cent was recorded during the second quarter over the level of the preceding quarter. (See table 1).

Outflow:

Aggregate foreign exchange outflow during the first quarter of 1983 amounted to ₦2,056.1 million representing a decline of ₦2,178.8 million or 51.4 per cent from the level of the corresponding period of 1982. Total outflow during the second quarter recorded a further decline of ₦297.9

million to reach ₦1,758.2 million. The monthly average rate of outflow during the first quarter was ₦685.4 million and dropped to ₦586.1 million during the second quarter thereby conforming with the official limit of ₦600.0 million.

In particular, payments for imports dropped from ₦3,016.2 million during the first quarter of 1982 to ₦1,273.9 million and ₦1,117.9 million during the first and second quarters of 1983, respectively. Similarly, service payments totalling ₦424.7 million during the first quarter was ₦580.0 million lower than in the corresponding period of 1982, but ₦52.0 million higher than in the second quarter of 1983.

Although there was a reduction in total outflow during the period under review, this was achieved through increases in the backlog of foreign exchange commitments. There was no backlog during the first quarter of 1982 but it built up during the latter part of the year and stood at ₦2,480.6 and ₦3,406.8 million at the end of the first and second quarters of 1983, respectively. The value of outstanding unprocessed applications for foreign exchange which stood at ₦485.0 million at the end of March 1983, also increased to ₦1,900.0 million at the end of June, 1983.

TABLE 1
QUARTERLY FOREIGN EXCHANGE FLOWS THROUGH THE C.B.N.
 (N' million)

Item	1982		1983	
	January-March	April-June	January-March	April-June
INFLOW				
1. Merchandise	2,433.1	1,828.9	1,696.8	1,418.7
Oil	(2,363.4)	(1,790.0)	(1,618.4)	(1,356.5)
Non-oil	(69.7)	(38.0)	(78.4)	(62.2)
2. Capital	104.9	211.3	107.4	125.0
3. Services	232.6	222.9	101.9	111.5
Total	2,770.6	2,263.1	1,906.1	1,655.2
OUTFLOW				
1. Imports of Goods	3,016.2	1,705.1	1,273.9	1,117.9
2. Services	1,005.4	568.4	424.7	372.7
3. Capital	94.0	10.3	252.8	142.5
4. Interest	119.3	98.4	104.7	125.1
Total	4,234.9	2,382.2	2,056.1	1,758.2
Net Flow	-1,464.3	-119.1	150.0	-103.0

TABLE 2
TOTAL EXTERNAL ASSETS
 (N' million)

Holder	END OF PERIOD			
	March 1982	June 1982	March 1983	June 1983
Official Central Bank ¹	977.4 (960.6)	858.3 (841.5)	893.3 (876.5)	790.3 (773.5)
Federal Govt.	(16.8)	(16.8)	(16.8)	(16.8)
Semi Official Institutions with State Govts.	6.5	7.0	6.1	5.9
Commercial Banks (NET)	218.4	+34.2	-53.9	-68.6
TOTAL	1,202.3	899.5	845.5	727.6

¹: Excluding attached assets.

TABLE 3
INFLOW & OUTFLOW OF FOREIGN EXCHANGE DURING 1ST AND 2ND QUARTERS 1983
 (N' million)

Item	January	February	March	Total	April	May	June	Total
INFLOW								
1. Merchandise	698.4	501.5	496.9	1,696.8	397.3	504.0	517.4	1,418.7
Oil	(677.7)	(469.8)	(470.9)	(1,618.4)	(368.7)	(484.5)	(503.3)	(1,356.5)
Non-Oil	(20.7)	(31.7)	(26.0)	(78.4)	(28.6)	(19.5)	(14.1)	(62.2)
2. Capital	23.2	53.4	30.8	107.4	21.3	54.7	49.0	125.0
3. Services	49.4	11.2	41.3	101.9	44.0	18.0	49.5	111.5
Total	771.0	566.1	569.0	1,906.1	462.6	576.7	615.9	1,655.2
OUTFLOW								
Imports of Goods	347.5	359.2	567.3	1,273.9	364.4	342.8	410.8	1,117.9
Services	115.8	119.7	189.1	424.7	121.5	114.2	136.9	372.7
Capital	102.7	102.2	47.9	252.8	11.7	62.1	68.7	142.5
Interest	54.7	16.1	33.9	104.7	42.2	24.3	58.6	125.1
Total	620.7	597.2	838.2	2,056.1	539.8	543.4	675.0	1,758.2
Net Flow	+150.3	-31.1	-269.2	-150.0	-77.2	+33.3	-59.1	-103.0