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REVIEW OF CURRENT DEVELOPMENT (FOURTH QUARTER 1983)

Foreign exchange flows through the Central Bank during the third and the fourth quarters of 1983

Foreign exchange transactions resulted in a net inflow of ₦11.9 million and a net outflow of ₦3.7 million during the third and fourth quarters of 1983 respectively. These compared with the net outflows of 13.2 and ₦171.9 million recorded during the counterpart periods of the preceding year (See Table 1). In line with these developments, official holdings of external reserves increased by ₦11.9 million during the 3rd quarter, recording ₦802.2 million at the end of September, 1983. They decreased by ₦3.7 million during the 4th quarter to ₦798.5 million at the end of December 1983. (See Table 3).

External reserves at the end of the 3rd and the 4th quarters of 1983 could cover less than two months of Nigeria's imports against the conventional minimum of four months' cover.

Inflow

The downturn in quarterly foreign exchange inflow since the 3rd quarter of 1982 persisted through the 2nd quarter of 1983, but recorded an upturn during the 3rd quarter of 1983 when total inflow amounted to ₦2589.8 million. Compared with the counterpart period of 1982, total inflow during the 3rd quarter of 1983 was ₦107.2 million or 4.3 per cent higher. The improvement in the total inflow was attributable to increased earnings from crude oil export which at ₦1356.5 million during the 2nd quarter 1983 rose to ₦2317.6 million during the 3rd quarter of 1983.

However, total inflow during the last quarter of 1983 showed a decline of ₦291.2 million or 11.2 per cent from the preceding quarter. All items of inflow — Oil, non-oil, capital and services — recorded decreases in the fourth quarter compared with the position during the 3rd quarter of 1983. Oil receipts recorded a decrease of ₦236.0 million or 10.2 per cent during the fourth quarter while non-oil commodity exports, capital inflow and receipts from services declined by 14.2, 42.3 and 6.2 per cent respectively.

Outflow

Foreign exchange outflow during the 3rd quarter of 1983 aggregated ₦2577.9 million, higher by 819.7 and ₦108.6

million than the levels during the preceding quarter and the corresponding period of 1982 respectively. However, during the fourth quarter of the year, aggregate outflow of foreign exchange amounted to ₦2302.3 million representing a decrease of ₦275.6 million or 10.7 per cent, but an increase of ₦32.7 million or 1.4 per cent compared with the position during the 3rd quarter of 1983 and the corresponding period of 1982 respectively.

The decrease in total outpayments during the fourth quarter was traceable to all items of outflow. Disbursements on imports of goods and services which stood at ₦1614.9 million and ₦538.3 million respectively during the 3rd quarter fell to 1594.5 and ₦422.4 million during the last quarter of 1983.

Outflow of foreign exchange in respect of transfers and interest during the 4th quarter of 1983 also recorded substantial decreases of ₦133.1 million or 41.8 per cent and ₦6.2 million or 5.8 per cent respectively, compared with the situation during the 3rd quarter.

The low level of outflow during the last quarter resulted largely from administrative devices designed to slow down the rate of disbursement given the low level of external reserves.

Backlog of foreign exchange approvals

As a result of the refinancing of ₦1459.7 million of outstanding trade debt during the 3rd quarter of 1983, the backlog of foreign exchange approvals declined to ₦2991.8 million at the end of the period. The outstanding trade debt went down further to ₦2823.1 million at the end of the last quarter.

The value of unprocessed outstanding applications which stood at ₦1.9 billion at the end of the 2nd quarter, however, declined to ₦1.6 billion at the end of the year.

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TABLE 1
INFLOW AND OUTFLOW OF FOREIGN EXCHANGE DURING THIRD AND FOURTH QUARTERS OF 1983
(₹' MILLION)

Item	July	August	September	Total	October	November	December	Total
<i>Inflow</i>								
1. Merchandise	808.7	848.2	733.0	2,389.9	676.6	677.7	789.3	2,143.6
Oil	(783.8)	(825.0)	(708.8)	(2,317.6)	(661.9)	(652.3)	(767.4)	(2,081.6)
Non-oil	(24.9)	(23.2)	(24.2)	(72.3)	(14.7)	(25.4)	(21.9)	(62.0)
2. Capital	27.3	52.7	10.1	90.1	18.7	9.8	23.5	52.0
3. Services	49.6	25.7	34.5	109.8	26.0	27.0	50.0	103.0
Total	885.6	926.6	777.6	2,589.8	721.3	714.5	862.8	2,298.6
<i>Outflow</i>								
1. Imports of Goods	477.1	534.5	603.3	1,614.9	522.2	597.2	475.1	1,594.5
2. Services	159.0	178.2	201.1	538.3	130.5	149.3	134.0	422.4
3. Capital	124.4	123.4	70.9	318.7	80.8	13.1	91.6	185.6
4. Interest	53.6	32.6	19.8	106.0	16.1	15.2	68.5	99.8
Total	814.1	868.7	895.1	2,577.9	749.7	774.8	777.8	2,302.3
Net Flow	+71.5	+57.9	-117.5	+11.9	-28.4	-60.3	+85.0	-3.7

TABLE 2
QUARTERLY FOREIGN EXCHANGE FLOWS THROUGH CENTRAL BANK
(₹' MILLION)

	1982			1983		
	July – September	October – December	January – March	April – June	July – September	October – December
<i>Inflow</i>						
1. Merchandise	1,966.3	2,156.8	1,696.8	1,418.7	2,389.9	2,143.6
Oil	(1,936.8)	(2,095.3)	(1,618.4)	(1,356.5)	(2,317.6)	(2,081.6)
Non-oil	(29.5)	(61.5)	(78.4)	(62.2)	(72.3)	(62.0)
2. Capital	323.8	150.7	107.4	125.0	90.1	52.0
3. Services	192.5	134.0	101.9	111.5	109.8	103.0
Total	2,482.6	2,441.5	1,906.1	1,655.2	2,589.8	2,298.6
<i>Outflow</i>						
1. Imports of Goods	1,646.9	1,567.6	1,273.9	1,117.9	1,614.9	1,594.5
2. Services	549.0	522.5	424.7	372.7	538.3	422.4
3. Capital	158.6	58.1	252.8	142.5	318.7	185.6
4. Interest	114.9	121.4	104.7	125.1	106.0	99.8
Total	2,469.4	2,269.6	2,056.1	1,758.2	2,577.9	2,302.3
Net Flow	+13.2	+171.9	-150.0	-103.0	+11.9	-3.7

TABLE 3
TOTAL EXTERNAL ASSETS
(₹' MILLION)

Holder	End of Period			
	September 1982	December 1982	September 1983	December 1983
Official	871.5	1,043.3	802.2	798.5
Central Bank ¹	(854.7)	(1,026.6)	(785.4)	(781.7)
Federal Government	(16.8)	(16.8)	(16.8)	(16.8)
Semi-official Institutions with State Governments	7.0	6.6	5.7	5.7
Commercial Banks (NET)	-13.1	+15.3	-119.4	+81.0
Total	865.4	1,065.3	688.5	885.2

¹ Excluding attached assets.