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DEVELOPMENTS IN THE AGRICULTURAL SECTOR DURING THE FIRST QUARTER OF 1987

Production activities:

Early rains in most southern parts of the country during the first quarter encouraged preliminary farming activities such as bush clearing and land tilling. In a number of areas, actual planting of some crops—maize, yam, okro, pepper and leaf vegetables—also began. In the northern parts, activity centred around dry-season farming involving the planting of wheat, rice and vegetables on irrigated lands. Other activities during the first quarter included harvesting and processing of cassava, rice, fruits and vegetables in the south, and maize, sorghum, millet and cotton in the northern states. A total of 99,295.1 tonnes of fertilizers were discharged at the various ports and distributed to farmers during the quarter, compared with 15,146 tonnes during the same period of last year.

By the middle of February, the rains fizzled out, giving way to a long dry spell which lasted throughout March. Total national average rainfall recorded during the quarter was only 46.0 millimetres, compared with 120.4 and 96.4 millimetres in the corresponding periods of 1986 and 1985, respectively. Rainfall during the quarter showed a deviation of 50.5 per cent below the norm of 92.9 millimetres (see Table 1). Hence, on the basis of the technical definition of drought as a condition in which there is rainfall deviation of up to 20 per cent below the norm, with at least 15 consecutive rainless days, it would be right to conclude that Nigeria experienced drought condition during the first quarter of 1987. The dry condition led to widespread scorching and rotting of crops and precipitated a re-emergence of locust, quela birds and grasshopper infestation in the northern parts of the country.

The fish subsector showed signs of continued recovery from the severe output decline in 1984 and 1985. About 250 trawlers were licensed during the quarter for inshore shrimping and distant water fishing while 15 fibre glass fishing boats were fabricated at Igbokoda Boatyard alone under the Federal Government sponsored artisanal and inshore fisheries development programme. In the livestock subsector, effort at controlling the outbreak of cattle diseases continued. More than 700,000 heads of cattle were vaccinated against the outbreak of contagious bovine pleuropneumonia (CBPP) during the quarter. In the forestry subsector, a total of 900,000 trees and ornamental seedlings were distributed by the Federal Department of Forestry throughout the country as part of the programme to control desertification.

Export prices of agricultural commodities

Developments in the world commodity markets were generally unfavourable for most of Nigeria's major agricultural export commodities during the quarter. Factors which influenced the market included the continued weakness of the US dollar vis-a-vis the pound sterling and other major trading currencies, the slack in demand for most of the commodities and the uncertainties occasioned by

problems of negotiation/re-negotiation of new commodity agreements. With regard to coffee, the situation was complicated by the sharp disagreement between producers and consumers over the distribution of export quotas—a matter which hitherto was the exclusive prerogative of producer countries.

At 696.3 (1975 = 100), the all-commodities price index rose by 6.9 per cent over the level in the preceding quarter due mainly to the continued depreciation of the naira during the period. Increases of 7.3, 8.7, 14.5, 26.5 and 36.5 per cent in the prices of soya-beans, rubber, palm kernel, cotton and copra, respectively, helped to offset price declines of 1.5, 4.5, 12.0 and 14.7 per cent in cocoa, palm oil, coffee and groundnut oil, respectively (see Table 2). However, the dollar price index showed an overall decline of 6.1 and 5.9 per cent below the levels in the preceding quarter and corresponding quarter of 1986, respectively (see Table 2a).

At 850.2, the index of cocoa prices declined marginally by 1.5 per cent from the level in the preceding quarter. This contrasts with the sharp increase of 201.4 per cent over the level in the first quarter of 1986 when cocoa price was boosted by the sharp depreciation of the naira. In dollar terms, the price of cocoa recorded declines of 11.1 and 20.4 per cent below the respective levels in the preceding quarter and the corresponding quarter of 1986. The drop in the price of coffee was due mainly to the inability of members of the International Coffee Organisation to reach agreement over export quotas following the expiration of the former agreement in September 1986.

Prices of most vegetable oil and oil seeds were adversely affected by the slack in world demand. The indices of groundnut oil and palm oil prices fell by 13.7 and 4.5 per cent, respectively, during the quarter. However, the index of copra price rose substantially by 36.5 per cent during the period due to a shortfall in world supply of the commodity. Index of rubber prices also rose by 8.7 per cent over the level in the preceding quarter due largely to increased demand for gloves and condoms—which helped to offset the effect of competition from synthetic rubber and the uncertainty created by the breakdown in the negotiation of a new international rubber agreement to replace the existing one due to expire in October, 1987.

Cotton recorded price increases in both naira and dollar terms during the quarter due mainly to shortfall in world supply as a result of adverse weather conditions in the USA and other major cotton producing countries. At 659.5, the naira price index rose by 26.5 per cent above the level in the preceding quarter and 332.7 per cent over that of the first quarter of 1986—the latter largely reflecting the sharp depreciation of the naira.

The world price of sugar similarly rose by 24.1 and 611.8 per cent over the levels in the preceding quarter and the corresponding quarter of 1986, respectively (see Table 3). In dollar terms, sugar

prices rose by only 0.4 per cent during the quarter. The observed stability in the world sugar market during the quarter was attributable mainly to tight supplies from Brazil—the largest single free market exporter of sugar—coupled with the return of the Soviet Union, a major importer of sugar, to the world market. On the other hand, the world market for grains was generally weak due to continued glut in the market. The marginal increases in the naira prices of wheat and maize were due to the sharp depreciation of the naira. In dollar terms, the prices of the two commodities showed declines of 12.4 and 9.1 per cent below the respective levels in the preceding quarter.

Agricultural credit

At the end of the quarter, total loans and advances of commercial and merchant banks to the agricultural sector stood at ₦1,914.7 million and ₦241.9 million, respectively. These represented increases of 4.6 and 14.2 per cent over the respective levels in the preceding quarter and 30.0 and 80.1 per cent over the respective levels in the corresponding quarter of 1986. Sub-sectoral breakdown of the loans and advances showed that food crops and poultry accounted for the largest shares of 31.4 and 15.6 per cent, respectively, of total commercial bank loans to agriculture while food crops took 32.9 and 19.3 per cent, respectively of the loans from merchant banks.

Agricultural loans at the end of the quarter represented 12.1 per cent of total commercial bank loans and 7.7 per cent of merchant banks' loans to the economy, compared with the prescribed minimum shares of 15 per cent for commercial banks and 10 per cent for merchant banks.

Loans granted under the Agricultural Credit Guarantee Scheme (ACGS) totalled ₦10.5 million during the period and involved 712 borrowers. Compared with the preceding quarter, new ACGS loans showed declines of 39.2 and 15.4 per cent in the value and number of borrowers, respectively. However, compared with the corresponding quarter of 1986, the value of loans and the number of borrowers increased by 36.7 and 171.8 per cent, respectively. Loans for livestock production involved 91 beneficiaries. The foodcrops sub-sector accounted for about 32.4 per cent of the total value of new loans and benefitted 534 farmers. Out of this, grains production alone was responsible for about 20 per cent of the total value and involved 206 beneficiaries. Loans for roots and tuber crops production went to 328 farmers and accounted for about 12.8 per cent of the total value of loans. (See Table 4a).

**AGRIC STUDIES OFFICE
RESEARCH DEPARTMENT.**

TABLE 1

VOLUME OF RAINFALL IN THE FIRST QUARTER OF 1987 IN MILLIMETRES

STATES	Bench-Mark Average (1931—60)				1985				1986				1987			
	Jan.	Feb.	March	Total (Jan— March)	Jan.	Feb.	March	Total (Jan— March)	Jan.	Feb.	March	Total (Jan— March)	Jan.	Feb.	March	Total (Jan— March)
ANAMBRA	6.3	26.7	90.1	123.1	10.3	0	197.0	207.3	2.4	27.2	127.1	156.7	0.0	91.7	21.2	112.9
BAUCHI	0.0	0.0	5.0	5.0	0	0	33.3	33.3	0.0	0.0	5.6	5.6	0.0	0.0	0.0	0.0
BENDEL	18.7	39.0	111.0	168.7	22.5	38.5	143.5	204.5	12.0	31.8	139.7	183.5	0.8	54.2	100.2	155.2
BENUE	7.5	11.5	33.0	52.0	27.0	0	62.0	89.0	0.0	3.7	32.2	35.9	0.0	3.3	23.9	27.2
BORNO	0.0	0.0	0.0	0.0	13.0	0	0	0	0	0	0	0	0	0	0	0
C/RIVER	35.2	53.0	169.2	257.4	24.0	0	147.0	160.0	3.5	34.5	218.3	256.3	24.3	36.7	0.0	61.0
GONGOLA	3.0	5.0	14.0	22.0	38.5	0	38.0	62.0	0.0	0.0	17.0	17.0	0.0	8.7	0.0	8.7
IMO	23.0	53.0	109.0	185.0	0	n.a.	108.0	146.5	105.3	15.5	147.2	26.80	n.a.	26.9	n.a.	26.9
KADUNA	0.0	3.0	9.7	12.7	0	0	48.7	48.7	0.0	0.0	7.3	7.3	0.0	0.0	0.0	0.0
KANO	0.0	0.0	3.0	3.0	1.0	0	22.0	22.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KWARA	12.0	10.4	40.2	62.6	31.3	0	54.0	55.0	16.5	54.2	78.4	149.1	0.0	22.8	n.a.	22.8
LAGOS	27.3	43.3	65.7	136.3	0.0	13.0	49.7	94.0	15.6	43.3	93.0	151.9	0.6	0.0	78.7	79.3
NIGER	6.3	6.5	26.8	39.6	2.0	0	41.0	41.0	0.0	0.0	41.8	41.8	0.0	0.0	0.0	0.0
OGUN	13.0	27.0	87.0	127.0	20.0	1.0	67.0	70.0	3.3	52.7	42.5	98.5	0.0	99.2	57.4	156.6
ONDO	25.3	36.3	102.3	163.9	1.0	42.0	184.5	246.5	26.6	137.8	160.8	325.2	7.7	32.1	0.0	39.8
OYO	11.5	22.8	87.3	121.6	1.0	0	75.5	76.5	35.8	42.5	76.3	154.6	2.7	25.4	0.0	27.7
PLATEAU	3.0	4.0	24.0	31.0	10.0	0	98.0	99.0	0.0	44.3	4.4	48.7	0.0	0.0	0.0	0.0
RIVERS	31.0	71.0	145.0	247.0	0	9.0	155.0	174.0	23.7	60.3	97.2	181.2	5.4	167.6	22.4	195.4
SOKOTO	0.0	3.0	5.0	8.0	0	0	40.0	40.0	0.0	0.0	5.8	5.8	0.0	0.0	0.0	0.0
ABUJA	—	—	—	—	—	0	59.0	59.0	0.0	0.0	79.6	79.6	0.0	7.4	0.0	7.4
NATIONAL AVERAGE	11.7	21.9	59.3	92.9	10.1	5.2	81.2	96.4	12.1	27.4	68.7	120.4	2.1	28.8	15.2	46.0

Source: DEPARTMENT OF METEOROLOGICAL SERVICES

TABLE 2

**WORLD PRICE INDICES IN NAIRA [C.I.F.] OF
MAJOR NIGERIAN'S AGRICULTURAL COMMODITIES
IN THE FIRST QUARTER OF 1987**

COMMODITY	1st Qtr. 1986 (1)	4th Qtr. 1986 (2)	1st Qtr. 1987 (3)	Percentage Changes Between	
				(1)&(3) (4)	(2)&(3) (5)
All-Commodities	196.2	651.5	696.3	254.9	6.9
Cocoa	282.1	862.9	850.2	201.4	-1.5
Coffee	408.6	1331.5	1172.3	186.9	-12.0
Copra	149.5	522.8	713.6	377.3	36.5
Cotton	152.4	521.4	659.5	332.7	26.5
Groundnut	—	—	—	—	—
Groundnut Oil	113.3	385.5	328.9	190.3	-14.7
Palmoil	111.6	438.5	418.6	275.1	-4.5
Palmkernel	113.4	427.8	489.7	331.8	14.5
Soyabeans	175.2	508.9	546.0	211.6	7.3
Ginger	154.6	n.a.	498.6	222.5	n.a.
Rubber	178.5	591.2	642.1	259.7	8.6

SOURCE: Public Ledger and Financial Times
(World Commodity Report).

TABLE 2a

**WORLD PRICE INDICES IN U.S. DOLLAR [C.I.F.] OF
MAJOR NIGERIAN'S AGRICULTURAL COMMODITIES
IN THE FIRST QUARTER OF 1987**

COMMODITY	1st Quarter 1986 (1)	4th Quarter 1986 (2)	1st Quarter 1987 (3)	Percentage Change Between	
				(1)&(3) (4)	(2)&(3) (5)
All-Commodities	120.9	121.2	113.8	-5.9	-6.1
Cocoa	173.7	151.7	138.3	-20.4	-8.8
Coffee	251.4	233.9	192.5	-23.4	-17.7
Copra	91.4	93.2	111.6	22.1	19.7
Cotton	93.8	91.7	108.3	15.5	18.1
Groundnut	—	—	—	—	—
Groundnut Oil	69.7	62.5	53.2	-23.7	-14.9
Palmoil	68.6	74.5	68.5	-0.1	-8.1
Palm kernel	69.8	75.1	80.7	15.6	7.5
Soyabeans	107.8	90.6	89.3	-17.2	-1.4
Ginger	95.6	n.a.	80.7	-15.6	n.a.
Rubber	109.9	104.8	105.1	-4.4	0.3

SOURCE: Public Ledger and Financial Times
(World Commodity Report).

TABLE 3**AVERAGE PRICE IN NAIRA OF GRAINS AND SUGAR IN
THE WORLD MARKET FOR THE FIRST QUARTER OF 1987**

COMMODITY	1st Qtr. 1986 (1)	4th Qtr. 1986 (2)	1st Qtr. 1987 (3)	Percentage Change Between	
				(1)&(3)	(2)&(3)
Rice	237	n.a.	890.3	275.7	n.a.
Maize	207.1	461.7	469.8	126.8	1.8
Sugar	145.6	835.0	1036.4	611.8	24.1
Wheat	170.9	566.1	526.7	20.8	0.2
Gum Arabic	n.a.	—	—	—	—

SOURCE: Public Ledger and Financial Times
(World Commodity Report)

TABLE 3a**AVERAGE PRICE IN U.S. DOLLAR PER TONNE OF GRAINS
AND SUGAR IN THE WORLD MARKET FOR
THE FIRST QUARTER OF 1987**

COMMODITY	1st Qtr. 1986 (1)	4th Qtr. 1986 (2)	1st Qtr. 1987 (3)	Percentage Change Between	
				(1)&(3)	(2)&(3)
Rice	237	n.a.	237.00	0.0	n.a.
Maize	207.2	129.1	117.4	-43.9	-9.1
Sugar	145.6	242.4	274.2	88.3	0.4
Wheat	170.8	162.3	142.2	-16.7	-12.4
Gum Arabic	n.a.	n.a.	—	—	—

SOURCE: Public Ledger and Financial Times
(World Commodity Report).

TABLE 4
ACGS LOANS BY STATES
(N'000)

STATES	(1) 1st Qtr. 1986		(2) 4th Qtr. 1986		(3) 1st Qtr. 1987		(4) Percentage of Total Amount	(5) Percentage Change in Amount Between (1)&(3)	(6) Percentage Change in Amount Between (2)&(3)
	No of Benefi- ciaries	Amount	No of Benefi- ciaries	Amount	No of Benefi- ciaries	Amount	1st Quarter 1987		
Anambra	35	279.3	28	1764.5	76	346.1	3.3	23.9	-80.4
Bauchi	29	59.5	14	169.4	1	20.0	0.2	-65.9	-88.2
Bendel	50	856.8	59	903.0	303	4676.4	44.8	445.8	417.9
Benue	14	90.0	17	340.4	33	139.3	1.3	54.8	-59.1
Borno	4	11.0	52	193.1	6	16.1	0.2	45.5	-91.7
Cross River	10	773.6	56	612.7	36	166.3	1.6	-78.5	-72.9
Gongola	3	940.0	69	346.8	4	492.0	4.7	-47.7	41.9
Imo	16	172.0	12	89.5	11	268.0	2.6	55.8	199.4
Kaduna	3	1064.5	75	409.0	22	107.3	1.0	-89.9	-73.8
Kano	3	31.0	19	208.7	10	138.0	1.3	345.2	33.9
Kwara	11	76.0	43	212.6	38	169.4	1.6	122.9	-20.3
Lagos	3	153.5	17	4691.3	8	567.1	5.4	269.4	-87.9
Niger	13	72.7	55	338.9	36	137.1	1.3	88.6	-59.5
Ogun	12	693.7	6	191.0	19	800.2	7.7	15.4	319.0
Ondo	14	602.9	15	1104.6	27	318.7	3.1	-47.1	-71.1
Oyo	16	1078.3	56	3413.9	9	513.4	4.9	-52.4	-85.0
Plateau	4	79.9	68	1474.3	17	320.7	3.1	301.4	-78.2
Rivers	10	462.5	10	380.9	4	1026.5	9.8	121.9	169.5
Sokoto	21	80.5	171	333.4	51	223.8	2.1	178.0	-32.5
TOTAL	271	7640.7	842	17178.0	712	10446.4	100.0	36.7	-39.2

SOURCE: A.C.G.S. Office.

TABLE 4a

ACGS LOAN BY PURPOSE
(N'000)

PURPOSE	1st Qtr. 1986		4th Qtr. 1986		1st Qtr. 1987		% of Total Amount 1st Qtr. 1987	Percentage Change Between Amount	
	(1)		(2)		(3)			(1)&(3)	(2)&(3)
	No of Beneficiaries	Amount	No of Beneficiaries	Amount	No of Beneficiaries	Amount	(4)	(5)	(6)
<u>Livestock</u>	129	4048.5	163	9262.4	91	5391.0	51.6	33.2	41.8
Poultry	51	2298.8	101	7727	63	3125.6	22.9	36.0	-59.5
Cattle	69	1113.0	44	246.4	8	381.0	3.6	-65.8	54.6
Sheep	1	5.0	1	30.7	1	3.0	—	-40.0	-90.2
Fisheries	2	270.0	4	525.3	5	1563.0	15.0	478.9	197.5
Others	6	361.7	13	733.0	14	318.4	3.0	12.0	-56.6
<u>Mixed Farming</u>	5	275.0	4	50.9	3	261.9	2.5	-4.8	414.5
<u>Food Crops</u>	115	2871.5	618	7174.7	534	3413.4	32.8	18.9	-52.4
Grains	50	2111.7	527	6363.4	206	2073.3	20.0	-1.8	-67.4
Roots and Tuber	65	759.8	91	811.3	328	1,340.1	12.8	76.4	65.2
<u>Cash Crops</u>	1	30.0	43	181.1	19	1166.8	11.1	3789.3	544.6
Oil Palm	1	30.0	2	9.0	4	1060.0	10.1	3433.3	11677.8
Rubber	—	—	—	—	—	—	—	—	—
Cocoa	—	—	1	5.0	12	96.8	.9	—	1836.0
Cotton	—	—	8	47.5	—	—	—	—	—
Groundnut	—	—	32	119.6	3	10.0	.1	—	-91.6
Others	21	415.7	14	508.9	64	213.3	2.0	204.8	52.5
TOTAL	271	7640.7	842	17178.0	712	10446.4	100	36.7	-39.2

SOURCE: Agric Credit Guarantee Scheme Office.