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DEVELOPMENTS IN NIGERIA'S EXTERNAL SECTOR DURING THE FOURTH QUARTER OF 1987

Transactions in foreign exchange through the Central Bank resulted in a net inflow of ₦495.7 million during the 4th quarter of 1987, as against a net inflow of ₦1,184.5 million in the preceding quarter. This development increased the official reserves from ₦4,159.0 million at the end of the 3rd quarter to ₦4,654.7 million at the end of 1987. However the foreign exchange position was far from comfortable as the level of reserves could cover barely two months' imports.

Foreign Exchange Inflow:

Total foreign exchange receipts from all sources amounted to ₦7,791.7 million during the last quarter of 1987. This represents an increase of ₦826.6 million or 11.9 per cent, when compared with the amount realized in the third quarter. The improvement over the third quarter of 1987 was as a result of higher level of earnings from both oil and the non-oil sectors as well as further depreciation of the Naira.

Oil export receipts stood at ₦6,035.0 million during the fourth quarter of 1987 compared with ₦5,668.3 million during the preceding quarter, while total non-oil receipts also increased by 35.5 per cent from ₦1,296.8 million during the third quarter to ₦1,756.7 million during the review period. A breakdown of non-oil foreign exchange earnings showed that while inflows through the Central Bank declined by 60.3 per cent to ₦236.7 million, inflows through other banks increased by 116.8 per cent, or by ₦1,520.0 million during the review period when compared with the preceding quarter.

The aggregate inflow during the year amounted to ₦26,428.6 million, representing an increase of 111.5 per cent over the position in 1986. The increase was largely, as a result of the depreciation of the Naira. Specifically, oil receipts for the year amounted to ₦18,768.5 million while non-oil inflow stood at ₦7,660.1 million. In the previous year, oil and non-oil inflows amounted to ₦8,293.0 and ₦4,203.1 million, respectively (see Table 2).

Foreign Exchange Outflow:

Foreign exchange outpayments during the last quarter of 1987 amounted to ₦5,776.2 million, showing an increase of ₦696.7 million or 13.7 per cent over the level in the preceding quarter. Payments for visible imports alone was ₦3,941.6 million, thus showing a slight decline of 4.1 per cent when compared with the third quarter of 1987.

Payments for invisible transactions on the other hand, increased by 39.9 per cent, from ₦1,311.3 million during the third quarter to ₦1,834.6 million in the period under review. Payments for debt service rose from ₦877.8 million during the third quarter to ₦1,543.0 million during the review period.

Aggregate outflow for the whole year amounted to ₦21,037.0 million. This represents an increase of ₦11,284.3 million or 115.7 per cent over the level in 1986. A breakdown showed that payments for visible transactions accounted for ₦15,818.0 million or 75.2 per cent while outpayments for invisibles were ₦5,219.0 million, or 24.8 per cent of total outpayments.

Exchange Rates:

The end of period exchange rate showed the Naira appreciating against the Dollar by 0.97 per cent from end-September 1987 rate of ₦4.2073 = \$1.00 to \$1.00 = ₦4.1664 at the end of 1987.

However, when compared with the end-December 1986 exchange rate of ₦3.3166 = \$1.00, the Naira depreciated against the Dollar by some 25.6 per cent at the end of December 1987.

External Assets:

Nigeria's total external assets stood at ₦7,963.0 million at the end of 1987. This represents an increase of ₦763.6 million or 10.6 per cent when compared with the preceding quarter.

A breakdown of the assets showed that the level of official reserves rose to ₦4,654.7 million at the end of 1987; this represents an increase of 11.9 per cent. The net holdings of commercial banks also rose from ₦1,818.5 million at the end of September to ₦2,101.4 million at the end of December 1987. However, those of merchant banks recorded a decline of ₦15.0 million during the same period.

Balance of Payments Office
International Fin. Division
Research Department

FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK
(N¹ Million)

Table 1

Category	Oct-Dec	Jan-Dec	Jul-Sept	Oct-Dec	Jan-Dec	Percentage change between		
	1986 (1)	1986 (2)	1987 (3)	1987 (4)	1987 (5)	(1) & (4) (6)	(3) & (4) (7)	(2) & (5) (8)
<i>Inflow</i>	5,654.0	11,699.0	6,264.0	6,271.9	22,087.5	10.9	0.1	88.8
<i>Outflow</i>	4,073.2	9,752.7	5,079.5	5,776.2	21,037.0	41.8	13.7	115.7
<i>Net</i>	1,580.8	+1,946.3	+1,184.5	+495.7	+1,050.5	-68.6	58.2	-46.0

¹ Provisional

FOREIGN EXCHANGE FLOWS THROUGH CBN AND OTHER BANKS¹
(N¹ Million)

Table 2

Category	Oct-Dec	Jan-Dec	Jul-Sept	Oct-Dec	Jan-Dec	Percentage change between		
	1986 (1)	1986 (2)	1987 (3)	1987 (4)	1987 (5)	(1) & (4) (6)	(3) & (4) (7)	(2) & (5) (8)
<i>Inflow</i>	5,231.8	12,496.1	6,965.1	7,791.7	26,428.6	48.9	11.9	111.5
(i) Oil	2,766.6	8,293.0	5,668.3	6,035.0	18,768.5	118.1	6.5	126.3
(ii) Non-oil	2,465.2	4,203.1	1,296.8	1,756.7	7,660.1	-28.7	35.5	82.2
(a) CBN	1,667.9	3,406.0	595.7	236.7	3,318.7	-85.8	-60.3	2.6
(b) Other banks	797.3	797.1	701.1	1,520.0	4,341.4	+90.6	116.8	444.6
<i>Outflow</i> ²	2,853.7	9,752.7	5,079.5	5,776.2	21,037.0	102.4	13.7	115.7
(i) Visible	2,021.0	5,667.1	3,768.2	3,941.6	15,818.0	95.0	4.6	179.1
(ii) Invisibles	832.7	4,085.6	1,311.3	1,834.6	5,219.0	120.3	39.9	27.7
(a) Debt Service	466.5	2,502.2	877.8	1,543.0	3,590.6	230.8	75.8	43.5
— Loan Repayment ...	173.5	1,515.0	570.0	292.4	1,338.8	68.5	-48.7	11.6
— Interest Payments ..	293.0	987.2	307.8	1,250.6	2,251.8	326.8	306.3	128.1
(b) Others	366.2	1,583.4	433.5	291.6	1,628.4	20.4	32.7	2.8
<i>Net Flow</i> ³	+2,378.1	+2,743.4	+1,885.6	+2,015.5	+5,391.6	15.2	6.9	96.5

¹ Provisional

² These are strictly outflows of official funds excluding outflows of autonomous receipts.

³ Does not take account of outflow of autonomous fund of other banks.

NIGERIA'S EXTERNAL ASSETS
(N¹ Million)

Table 3

Holder	December	September	December	Percentage change between	
	1986 (1)	1986 (2)	1987 (3)	(1) & (3) (4)	(2) & (3) (5)
Official	3,604.2	4,159.0	4,654.7	29.1	11.9
(i) Central Bank	3,587.4	4,142.2	4,637.9	29.3	12.0
(ii) Federal Government	16.8	16.8	16.8	—	—
Semi-official and State Governments	5.7	5.7	5.7	—	—
Commercial Banks (net)	1,412.7	1,818.5	2,101.2	48.8	15.6
Merchant Banks (net)	1,165.0	1,216.2	1,201.2	3.1	-1.2
Total	6,187.6	7,199.4	7,963.0	28.7	10.6