

12-1990

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Recommended Citation

Central Bank of Nigeria (1990). Developments in Industrial Sector in the Fourth Quarter of 1990. CBN Economic and Financial Review. 28(4), 23-26.

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DEVELOPMENTS IN INDUSTRY IN THE FOURTH QUARTER OF 1990

The industrial sector recorded modest improvement in the fourth quarter of 1990. At 262.8 (1972=100), the index of industrial production showed increases of 7.8 and 4.2 per cent over the levels in the third quarter of 1990 and the fourth quarter of 1989, respectively. The improvement was attributed largely to increases of 7.2 and 3.6 per cent in mining and manufacturing output, respectively. Electricity consumption index, on the other hand, fell below the level in the corresponding quarter of the previous year by 1.7 per cent.

Manufacturing

The index of manufacturing production at 576.6 (1971=100) rose by 7.1 and 3.6 per cent, respectively, over the levels in the preceding quarter and the fourth quarter of 1989. Eight of the thirteen sub-groups covered by the index (representing 61.5 per cent) accounted for the improvement in the manufacturing activities in the review period. These included roofing sheets (125.3%), cotton textiles (60.7%), sugar confectionery (46.3%), refined petroleum products (23.9%), soft drinks (19.7%), paints (13.1%), leather footwear (10.4%) and cement and cement products (7.6%). The improvements were due largely to a seasonal rise in demand associated with end of year festivities. The volume of production, however, fell by 12.5, 8.7, 7.4, 0.9 and 0.2 per cent for radio, television (T.V.) and communication equipment, synthetic fabrics, vehicle assembly, soaps and detergent, and beer and stout, respectively. The reduction in output of those industrial groups during the period was attributed to high cost of imported raw materials and spare parts, inadequate energy and infrastructures as well as sluggish demand.

These developments were confirmed by a nation-wide quarterly survey of 447 manufacturing establishments carried out by the Central Bank of Nigeria in the review period. A 60.4 per cent rate of response was achieved. The survey revealed that aggregate capacity utilisation levels operated were 43.0 per cent representing 5.7 and 1.2 percentage points above the levels in the third quarter of 1990 and the fourth quarter of 1989, respectively. More than 40 per cent, of the respondent firms operated above 50 per cent capacity utilisation rate, while 15.3 and 10.1 per cent operated between 40 and 50 per cent and 30 and 40 per cent, respectively. About 43.6 per cent operated at less than 30.0 per cent capacity utilisation rate. The industrial groups that operated above fifty per cent rate were basic industrial chemicals (60.5%), beer and stout (59.2%), tyres and tubes (57.2%) and leather products (53.0%). The groups that operated between 40 and 56 per cent capacity utilisation rates were: plastic products (49.5%), other chemicals and petroleum products (49.4%), textiles (48.9%), soft drinks (47.0%), cement and cement products (46.3%), printing and publishing (44.2%), sugar confectionery (42.6%), radio, television (T.V) and communication equipment (42.3%), and bakery products (42.3%). Those that operated between 30 and 40 per cent rates were: soap and detergents (38.6%) wood and cork products (36.6%), miscellaneous food preparation (35.8%), paper and paper products (34.1%), fabricated metal products

(33.6%) and leather footwear (33.5%). On the other hand, the sub-groups that operated less than 30 per cent of their capacities included motor vehicle assembly (27.9%), structural metal products (28.1%), vegetable oil and flour milling (25.0%), meat and dairy products (24.1%), knitting, carpets and rugs (23.1%) and basic metal products (15.0%). The value of production rose by 19.6 per cent above its level in the fourth quarter of 1989. This was attributed to sharp increases in valuation price as a result of high cost of imported raw materials, spare parts, energy and cost of borrowing. The value of production rose for the wine distilleries (19.15%), dairy products (93.4%), knitting, carpets and rugs (89.1%), basic metals (70.0%), tyres and tubes (59.7%), and motor vehicle assembly (28.2%). On the other hand, the value of production fell for cement (49.5%), basic industrial chemicals (46.0%), paints (30.0%), leather footwear (9.7%), glass and glass products (7.8%) wood and cork products (6.3%) and structural metal products (4.0%), due to lower output level.

Sales turnover rose by 24.2 per cent above the level in the corresponding quarter in 1989. The rise in the quantities sold, especially the consumables, as well as the relative rise in product prices, was manifested in increased value of sales. More than 65 per cent of the respondents recorded increases in the value of goods sold.

Total investment expenditure increased by 4.4 per cent above the comparable level in the fourth quarter of 1989. Expenditure on repairs and maintenance, and spare parts rose by 74.0 and 38.6 per cent, respectively, while expenditure on machinery and equipment fell by 28.6 per cent. Expenditure on repairs and maintenance, machinery and equipment accounted for 33.2 and 26.9 per cent of total investments in the fourth quarter of 1990, respectively. Internally generated funds, as usual, accounted for the bulk (80.0%) of the invested capital.

Majority of the respondents (76.4%) were apparently uncertain about the future of business operations especially in the area of investment and production. They attributed their skepticism to the rising cost of borrowing and imported components of manufactures.

Mining

At 105.5 (1972=100), aggregate index of mining production recorded increases of 9.6 and 7.2 per cent over the levels in the third quarter of 1990 and the fourth quarter of 1989, respectively. Output of crude petroleum increased by 7.1 per cent over the level in the preceding quarter and accounted largely for the increase in mining production. Compared with their levels in the third quarter of 1990, output of other minerals like columbite, cassiterite and liquefied natural gas increased by 80.0, 7.7 and 0.9 per cent, respectively, while limestone and coal fell by 31.4 and 12.7 per cent, respectively. Total volume of limestone and liquefied natural gas produced rose by 84.7 and 1.3 per cent above their comparable levels in the fourth quarter of 1989. However, the level of production fell by 75.3, 37.8 and 33.2 per cent,

Electricity

Electricity consumption index at 510.1 (1972=100) declined by 1.7 per cent below the level in the fourth quarter of 1989 but increased by 8.1 per cent over the level in the third quarter of 1990. Consumption by residential and industrial sub-sectors accounted for 50.8 and 25.5 per cent of total volume of electric power utilised respectively, while commercial and street light accounted for 23.7 per cent. Compared with the level in the fourth quarter of 1989, consumption by industrial and residential sub-sectors fell by 11.1

and 3.2 per cent, respectively. While consumption by commercial and street light rose by 5.4 per cent above its level in the third quarter of 1990; consumption by residential and industrial sub-sectors rose by 2.8 and 0.1 per cent, respectively.

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Table 1

INDEX OF INDUSTRIAL PRODUCTION (1972 = 100)

INDUSTRY	4th Qtr. 1989 (1)	3rd Qtr ¹ 1990 (2)	4th Qtr ² 1990 (3)	Percentage change between	
				(1 & 3) (4)	(2 & 3) (5)
Manufacturing	548.0	530.1	567.6	3.6	7.1
Mining	98.4	96.3	105.5	7.2	9.6
Electricity	519.0	472.0	510.1	-1.7	8.1
Total for all Sectors	252.1	243.9	262.8	4.2	7.8

¹ Revised

² Provisional

Source: Derived from data obtained from the Federal Office of Statistics (FOS), CBN surveys, Nigerian National Petroleum Corporation (NNPC), National Electric Power Authority (NEPA) and the Federal Ministry of Mines & Power.

INDEX OF MANUFACTURING PRODUCTION
(1972 = 100)

Table 2

SUB-GROUPS	4th Qtr. ¹ 1989 (1)	3rd Qtr ² 1990 (2)	4th Qtr ² 1990 (3)	Percentage change between	
				(1 & 3)	(2 & 3)
Sugar Confectionery	21.5	41.4	40.0	86.1	-3.4
Soft Drinks	1324.1	1747.6	1585.1	19.7	-9.3
Beer and Stout	511.1	496.9	510.1	-0.2	2.7
Cotton Textiles	119.2	121.0	191.5	60.7	58.3
Synthetic Fabrics	4369.1	4453.3	3988.3	-8.7	-10.4
Foot Wear	16.3	17.4	18.0	10.4	3.5
Paints	138.5	146.5	156.7	13.1	7.0
Refined Petroleum	383.6	348.6	475.4	23.9	36.4
Cement	357.5	383.6	384.7	7.6	0.3
Roofing Sheets	253.4	577.8	570.9	125.3	-1.2
Vehicle Assembly	220.0	206.8	203.7	-7.4	-1.5
Soap and Detergents	628.9	580.1	623.1	-0.9	7.4
Radio, T.V. and Communication Equipment	20.0	21.4	17.5	-12.5	-18.2
Total Manufacturing Indices	548.0	530.1	567.6	3.6	7.1

¹ Revised

² Provisional

Source: Data derived from CBN survey and Federal Office of Statistics (FOS)

INDEX OF PRINCIPAL MINERAL PRODUCTION
(1972=100)

Table 3

MINERALS	4th Qtr. 1989 (1)	3rd Qtr 1989 (2)	4th Qtr ¹ 1990 (3)	Percentage change between	
				(1 & 3) (4)	(2 & 3) (5)
Petroleum	99.4	97.2	106.5	7.1	9.6
Gas	102.1	102.5	103.4	1.3	0.9
Cassiterite	4.5	2.6	2.8	-37.8	7.7
Columbite	14.6	2.0	3.6	-75.3	80.0
Coal	27.7	21.2	18.5	-33.2	-12.7
Limestone	42.6	114.8	78.7	84.7	-31.4
All Minerals	98.4	96.3	105.5	7.2	9.6

¹ Provisional

Source: Derived from data obtained from the Federal Ministry of Mines, Power and Steel, and the Nigerian National Petroleum Corporation (NNPC), Lagos.

Table 4

PRODUCTION OF PRINCIPAL SOLID MINERALS
(Tonnes)

MINERALS	4th Qtr. 1989 (1)	3rd Qtr 1989 (2)	4th Qtr ¹ 1990 (3)	Percentage change between	
				(1 & 3) (4)	(2 & 3) (5)
Cassiterite	102.4	59.7	64.3	-37.2	7.7
Columbite	49.7	6.7	12.4	-75.1	85.1
Coal	23,592.9	18,095.7	15,810.1	-33.0	-12.6
Limestone	315,997.6	40,326.5	276,603.2	-12.5	-31.4
Marble	7,401.3	6,397.6	6,340.6	-14.3	-0.9
Total	347,143.9	427,824.7	298,830.6	-1.4	-30.2

¹ Provisional

Source: Derived from data obtained from CBN Surveys and the Federal Ministry of Mines, Power and Steel.

Table 5

ELECTRICITY CONSUMPTION
(Thousand kwh)

	4th Qtr. 1989 (1)	3rd Qtr 1989 (2)	4th Qtr ¹ 1990 (3)	Percentage change between	
				(1 & 3) (4)	(2 & 3) (5)
Residential	1,063.5	1,001.9	1,029.4	-3.2	2.8
Commercial and Street Lights	475.7	456.0	480.8	1.1	5.4
Industrial	580.1	516.1	515.5	-11.1	0.1
Total	2,119.3	1,974	2,025.7	-4.4	34.0

¹ Provisional

Source: National Electric Power Authority (NEPA)