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FOREIGN EXCHANGE FLOWS THROUGH THE CENTRAL BANK DURING THE 3RD QUARTER OF 1983:

Movement of foreign exchange through the Central Bank during the third quarter of 1983, resulted in a net inflow of ₦11.9 million compared with the net outflow of ₦103.0 million and a net inflow of ₦13.2 million during the preceeding quarter and the corresponding period of 1982, respectively. As a result of this development Nigeria's external reserves increased by ₦11.9 million from the level at the end of June to ₦785.4 million in September 1983.

The improvement observed in the monthly foreign exchange inflow from May, when it swung upwards from it's lowest April level, persisted into August but reversed it's trend again in September (see Table 1). Aggregate foreign exchange inflow during the 3rd quarter stood at ₦2,589.8 million compared with ₦1,655.2 million in the second quarter (see Table 2).

The increase was accounted for by the significant improvement in the value of crude oil exports. From ₦1,356.5 million during the second quarter, total receipts from oil export rose to ₦2,317.6 million. The non-oil exports also showed an increase of ₦10.1 million or 16.2 per cent during the period under review. Proceeds from drawings on external loans recorded a substantial decline of ₦34.9 million from ₦125.0 million during the second quarter to ₦90.1 million. A decrease of ₦1.7 million or 1.5 per cent was also recorded on services inflow (see Tables 1 and 2).

Foreign exchange out-flow during the 3rd quarter of 1983 totalled ₦2,577.9 million compared with ₦2,664.4 million and ₦1,758.2 million in the corresponding period of 1982 and the 2nd quarter of 1983, respectively. Disbursements on imports increased by ₦497.0 million over the level of ₦1,117.9 million recorded in the preceeding quarter and was largely responsible for the increased total outflow.

Capital outflow in form of repayments on external loans also increased by ₦176.2 million or 123.6 per cent over the second quarter level.

The backlog of foreign exchange approvals continued to increase. At the end of the 3rd quarter, total outstanding payments on approvals increased to ₦4,966.4 million from the level of ₦3,406.8 million at the end of the second quarter. However, the first refinancing agreement concluded in July 1983 (and the excluded debts) reduced the level of the backlog to ₦3,544.4 million.

Outstanding unprocessed applications recorded a decline from the previous quarter level of ₦1,900 million to ₦1,214.6 million.

Although the level of reserves increased slightly during the period, it was only sufficient to cover one month level of disbursement at the existing rate of outflow as against the conventional minimum of four months import cover.

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