



External Sector Statistics Division,  
 Statistics Department,  
 Central Bank of Nigeria,  
 Abuja

# EXTERNAL SECTOR STATISTICS

## MONITOR

VOLUME 1, ISSUE 1

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### External Sector Records Mixed Developments

#### HIGHLIGHTS:

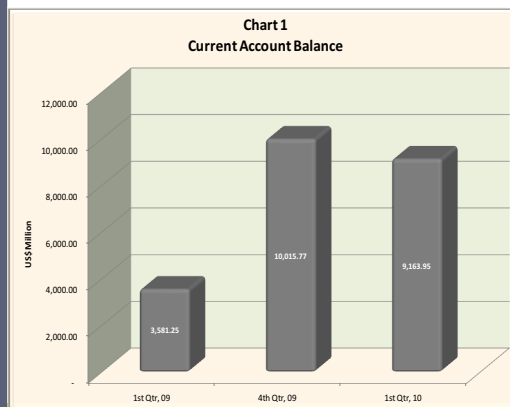
- External sector performance mixed
- External trade balance contracts
- Crude oil exports dominate merchandise exports
- Stock of external reserves declines
- External debt rises
- External Debt Sustainability Index rises
- Portfolio investment inflow increases, while FDI falls
- Exchange rate appreciates marginally in Q1, 2010.

#### Introduction:

This report presents highlights of developments in the external sector of the Nigerian economy for Q1, 2010, in comparison with the levels recorded in the preceding and corresponding quarters; as compiled by the External Sector Statistics Division, Statistics Department. The report attempts to meet the objective of monitoring key external sector performance indicators of the economy in order to identify areas of policy needs.

#### • Current Account

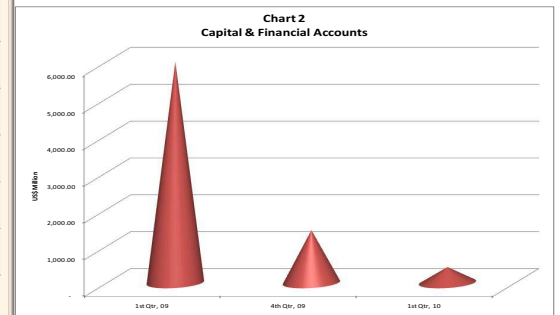
As shown in Chart 1, the country's estimated current account balance in Q1, 2010 declined, when compared with the levels recorded in Q4, 2009.



This was attributed to downward trend in the estimated value of crude oil exports despite the marginal rise in the price of crude oil in the international market. Crude oil exports stood at US\$17.06 billion and the price was US\$77.7 per barrel. This was against the value of crude oil exports of US\$19.40 billion and average price level of US\$77.20 per barrel in the preceding quarter. However, when compared with the level in the corresponding quarter of 2009, the current account balance improved appreciably (Table 1 and Chart 1).

#### • Capital and Financial Accounts

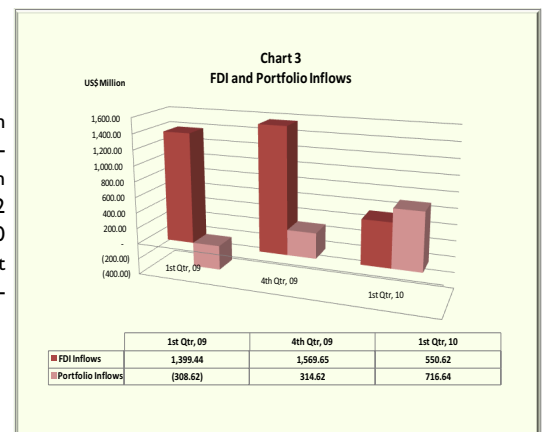
Available statistics indicated a decline during the review period in relation with the Q4, 2009. This could be attributed to the reduction in foreign direct investment inflows into the economy (Table 1). The balance in the accounts, stood at US\$1.43 billion in the preceding quarter and recorded US\$425.1 million during Q1, 2010 (Chart 2).



### FDI Inflows Fall

#### • FDI and Portfolio Inflows:

Portfolio Investment recorded an increase, while foreign direct investment (FDI) declined in Q1, 2010, in comparison with the levels recorded in Q4, 2009. As shown in Table 1, portfolio investment increased from US\$314.62 million in Q4, 2009 to US\$ 716.64 million in Q1, 2010 (Chart 3). The observed increase in portfolio investment between the two periods could be ascribed to the improving confidence in the economy.



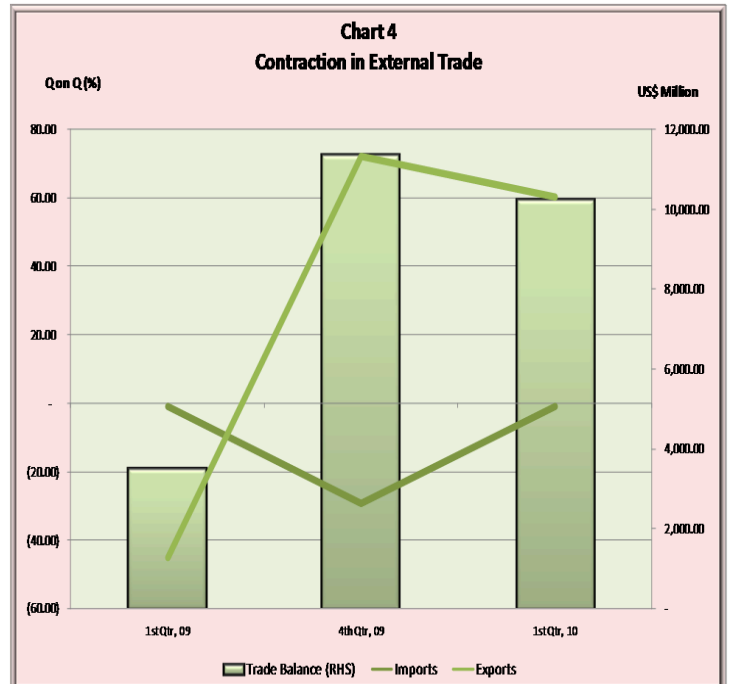
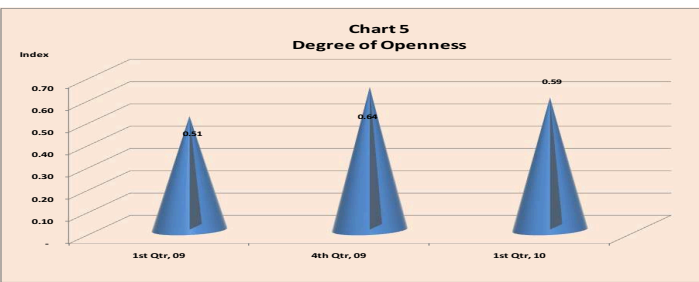
## Contraction in External Trade

**Contraction in External Trade**

Available statistics revealed that Nigeria's trade balance declined in Q1, 2010 (Table 1) following a slight contraction in merchandise exports in comparison with the developments observed in Q4, 2009 (Chart 4 and Table 5). Similarly, considering quarter on quarter analysis, estimated exports reduced from 71.9 in Q4, 2009 to 60.0 per cent in Q1, 2010. Quarter on quarter imports increased between the review and preceding period, from -29.48 per cent to -0.95 per cent, indicating comparative increase in the country's import bills.

**Degree of Openness:**

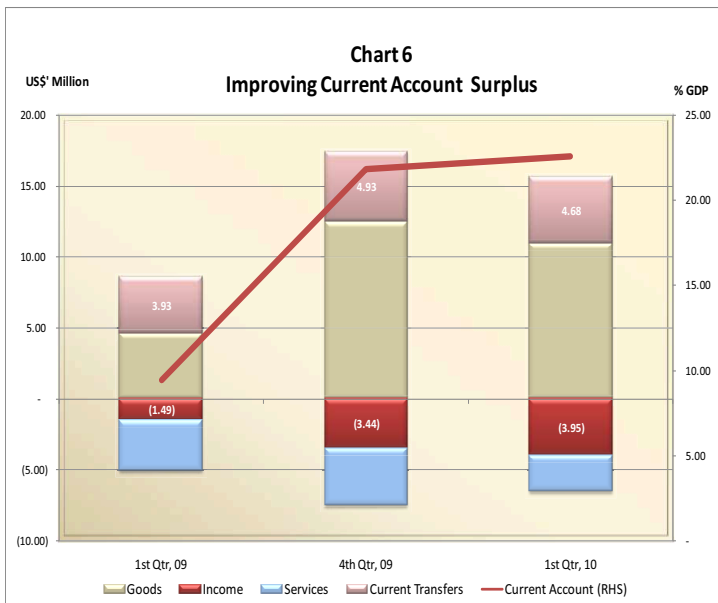
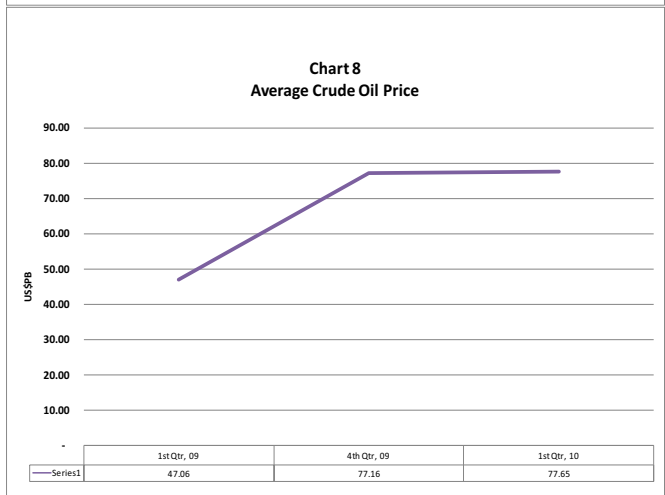
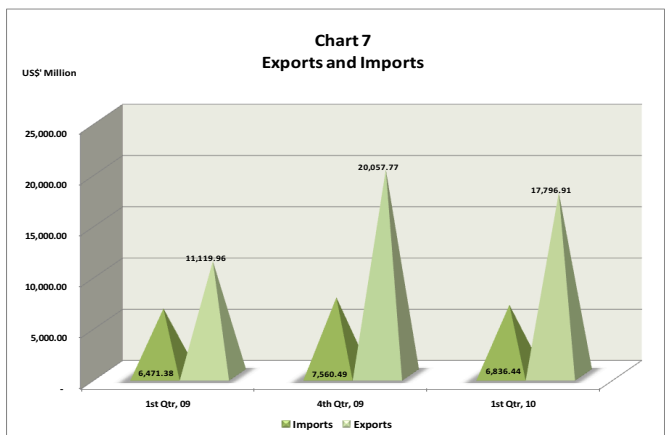
The degree of openness depicting the share of Nigeria's total external trade to gross domestic products (GDP) fell marginally during the period under review, indicating a reduction in Nigeria's total trade in relation to gross domestic products (Chart 5 and Table 6).



## Improving Current Account Surplus

In comparison with the levels recorded in Q4, 2009, current account as a percentage of GDP improved slightly in Q1, 2010. (Chart 6). Also, as shown in Table 1, the level of exports stood at US\$17.8 billion as against imports value of US\$6.8 billion, indicating a robust goods account balance. This is depicted in Chart 7. The marginal increase in the price of crude oil in the international oil market as shown in Chart 8 contributed to this development.

The development compensated for the large deficits recorded in services and income accounts. The deficits recorded in the two accounts could be ascribed to the back-lash effects of the global economic crisis. Furthermore, current transfers balance fell slightly in Q1, 2010, when compared with the levels recorded in Q4, 2009.



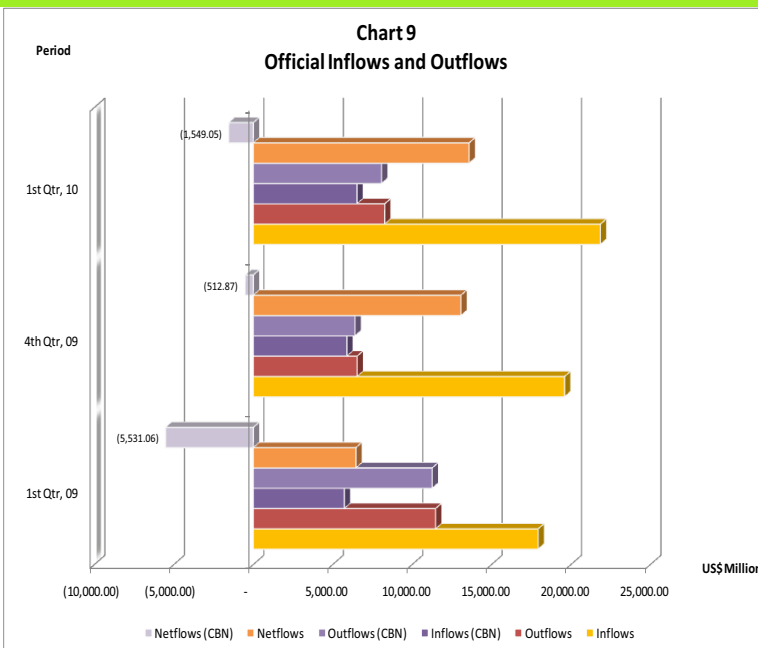
## Foreign Exchange Outflows through the CBN Outweigh Inflows

**Inflows and Outflows:**

Available statistics (Table 2) indicated that foreign exchange flows through the economy in Q1, 2010, stood at US\$21,843.68 million against US\$19,589.52 million recorded in Q4, 2009, representing an increase of 11.5 per cent. This development could be ascribed to the increased production and export of crude oil and favorable crude oil price in the international market as shown in Chart 8.

Similarly, total outflows in the period under review amounted to US\$8,263.44 million, showing an increase of 26.6 per cent above the levels in the preceding quarter.

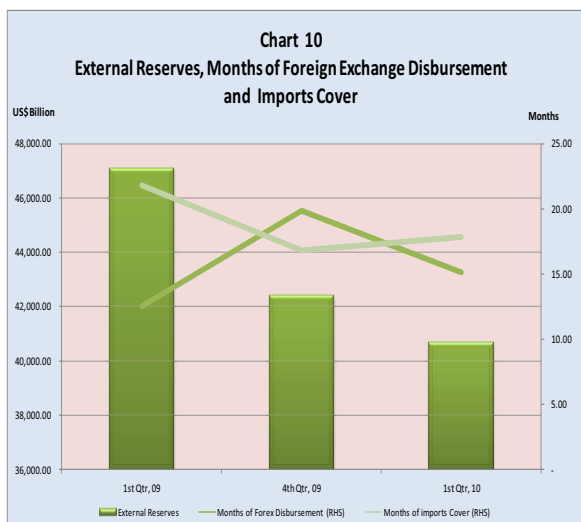
Consequently, a net -flow of US\$13,580.24 million was recorded in Q1, 2010 as against the US\$13,063.3 million in Q4, 2009. This is graphically demonstrated in Chart 9.



## External Reserves Fall

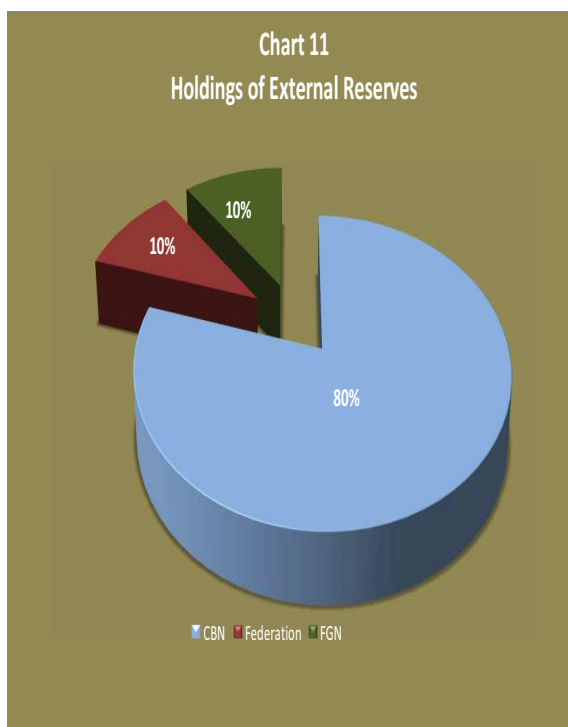
**External Reserves:**

In contrast with the observed increase in the estimated levels of crude oil and total exports receipts, Nigeria's external reserves, which stood at US\$42.4 billion as at end Q4, 2009, declined to US\$40.7 billion in Q1, 2010 (Table 1). Consequently, this impacted on the number of months of foreign exchange disbursements. Thus, the level of reserves in the review period could finance 15.1 months of foreign exchange disbursements and 18.9 months of imports cover. This is against the preceding period where the level of reserves could finance 19.9 months of foreign exchange disbursements and 16.8 months of imports cover. The development is graphically illustrated in Chart 10.



**Holdings of External Reserves**

Analysis of the statistics on the holdings of external reserves revealed that the share of the CBN, Federation and Federal Government to total reserves stood at 79.5, 10.2, and 10.3 per cent, respectively (Chart 11).



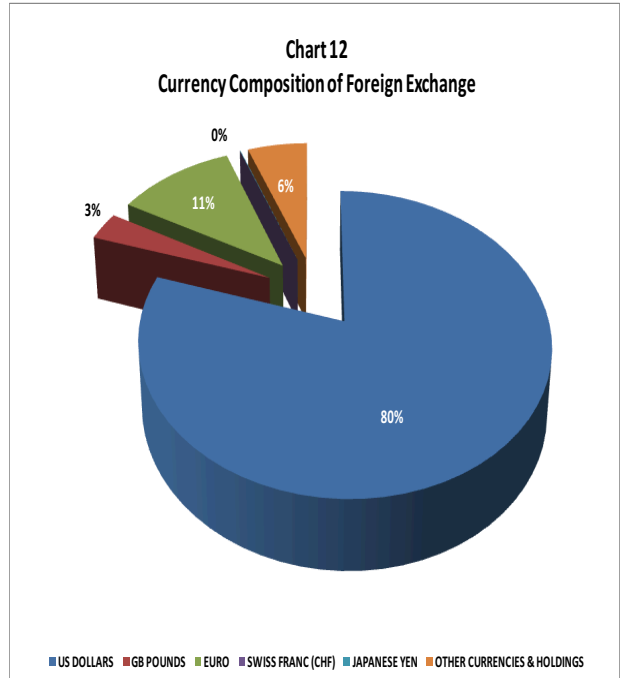
External Reserves stood at US\$40.7 billion Q1, 2010

## US Dollar Denominated Investments Dominate

- Currency Composition of Foreign Exchange**

Available records from balances as per latest advice (BAPLA) revealed a total reserve of US\$40,667.03 million during the period under review, representing a decline of 4.1 and 13.6 per cent when compared with the levels recorded in the preceding and corresponding quarters, respectively. Though, holdings of foreign reserves in US dollar in the review period constitutes about 80.0 per cent of the total foreign reserves holdings, it declined from US\$33,931.98 million in Q4, 2009 to US\$32,523.00 million in Q1, 2010.

Swiss Franc (CHF) on the other hand, registered the least holdings of US\$2.11 million or 0.005 per cent of the total holdings. Furthermore, the volume of Japanese Yen in total reserves during the period under review recorded increases of 28.64 and 41.93 per cent in relation to the preceding and corresponding quarters, respectively (Table 3).



US\$ accounts for 80 per cent of the Nigeria's Currency Holdings in Q1, 2010

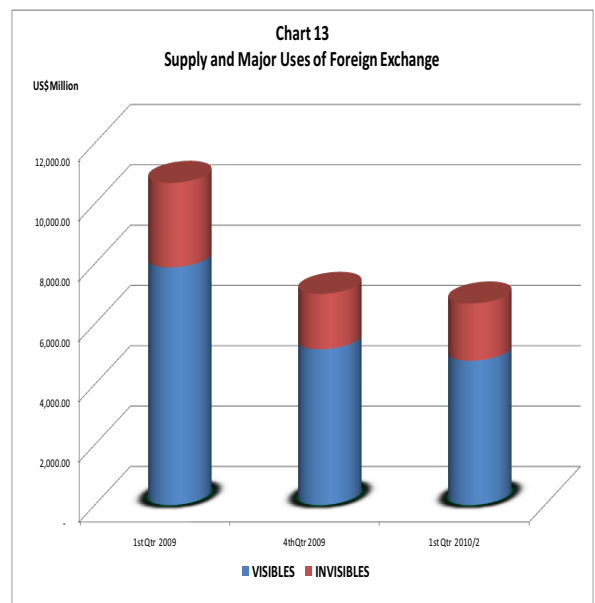
Visible trade dominates foreign exchange supply

## Supply and Major Uses of Foreign Exchange

- Supply and Major Uses of Foreign Exchange**

The aggregate supply of foreign exchange for visible and invisible trade during the period under review stood at US\$6686.5 million. This represented a 4.5 per cent moderation in relation to Q4, 2009. Compared to the corresponding period of 2009, the decline was significant at 37.4 per cent.

The total amount supplied in Q1, 2010, consisted of US\$4,786.77 million and US\$1,899.77 million for visible and invisible trade, representing 71.6 and 28.4 per cent, respectively. This pattern of domination by visible trade permeates during the three quarters analyzed (Table 4 and Chart 13).

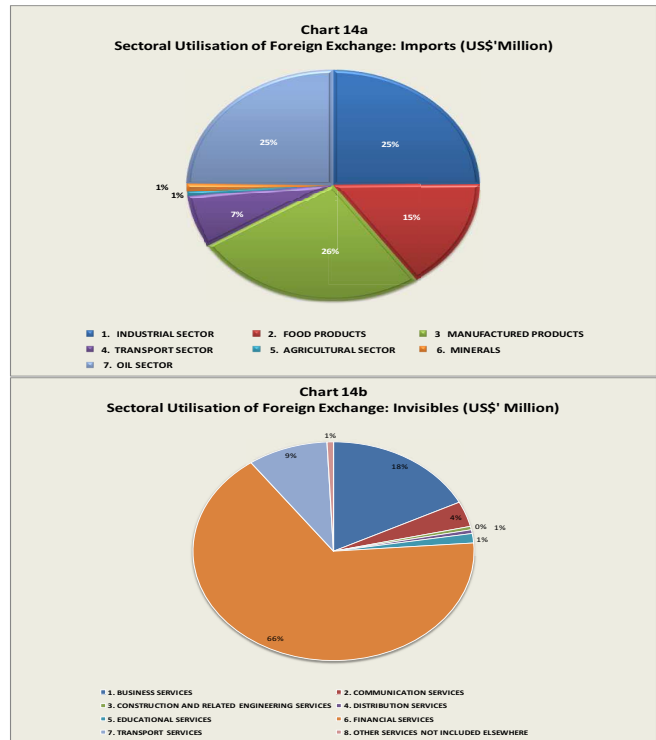


# Sectoral Utilization of Foreign Exchange

• **Sectoral Utilization of Foreign Exchange**

Analysis of foreign exchange utilization by sectors revealed that the US\$4,786.77 million was spent on the importation of various items into the country in Q1, 2010, representing 71.6 per cent of the total foreign exchange utilized during the period. This represents a decline of 7.4 and 39.3 per cent in comparison with the levels recorded in the preceding and corresponding quarter, respectively. As shown in chart 14a, the importation of manufactured products, industrial and oil sectors gulped 26.0, 25.0 and 25.0 per cent of the total amount utilized for imports, respectively (Table 7).

In Q1, 2010, the major components that gulped the sum of US\$1,899.77 million foreign exchange expended on invisible items included financial, business and transport services consisting of 66.0, 18.0 and 9.0 per cent, respectively (Chart 14b).

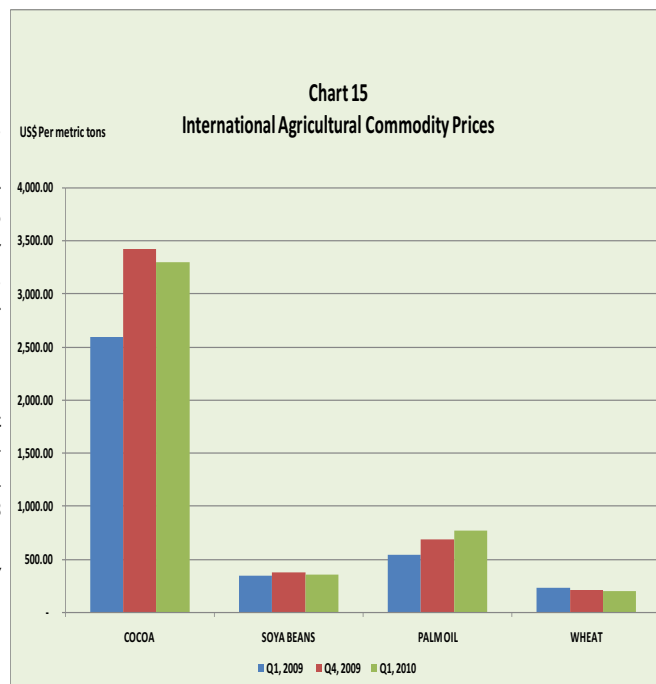


# Mixed Developments in International Agricultural Commodity Prices

• **International Agricultural Commodity Prices**

Prices of international agricultural commodities monitored during the period under review showed mixed developments, when compared with the levels recorded in the preceding and corresponding quarters. For instance, while the price per metric tons of cocoa stood at US\$3418.07 in Q4, 2009, it fell to US\$3297.11 in Q1, 2010, representing a decline of 3.5 per cent. However, in comparison with the corresponding quarter, an increase of 27.1 per cent was observed. A similar development was observed in the price of soya beans (Table 6).

The price per metric ton of palm oil, which stood at US\$763.41 in Q1, 2010, recorded increases of 12.4 and 42.4 per cent in relation to Q4 and Q1, 2009, respectively. In a contrasting development, wheat recorded price declines of 4.8 and 15.6, per cent in the period under review, when compared with the preceding and corresponding quarters, respectively (Chart 15).



## External Debt Sustainability Index Rise

**Public External Debt:**

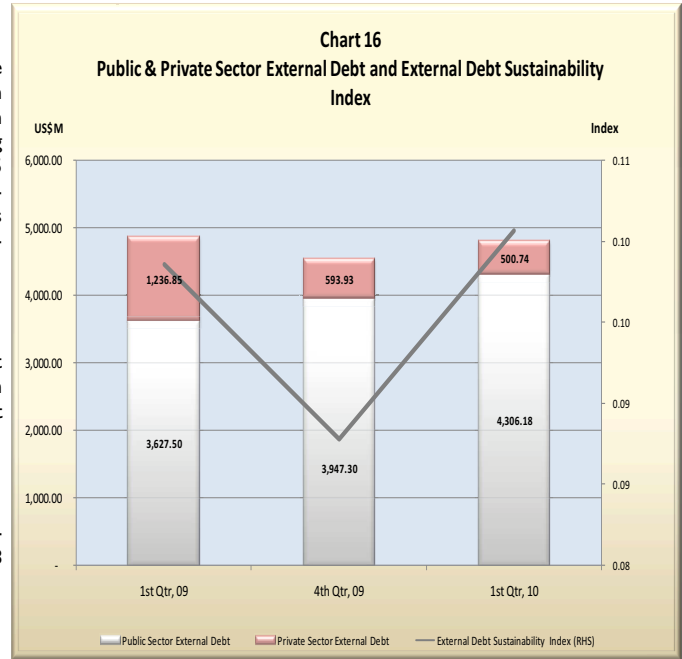
Estimated external debt sustainability index, computed as the ratio of external debt to real GDP, rises indicating a deterioration in external sector sustainability during first quarter 2010, when compared with the observed level recorded in the preceding quarter. The public sector external debt increased from US\$3.95 billion in Q4, 2009 to US\$4.31 billion in Q1, 2010, signifying contracting of new debt by the Federal Government. Even with this development, public sector external debt was sustainable, attributable to the corresponding growth in real GDP (Chart 16).

**Private Sector External Debt:**

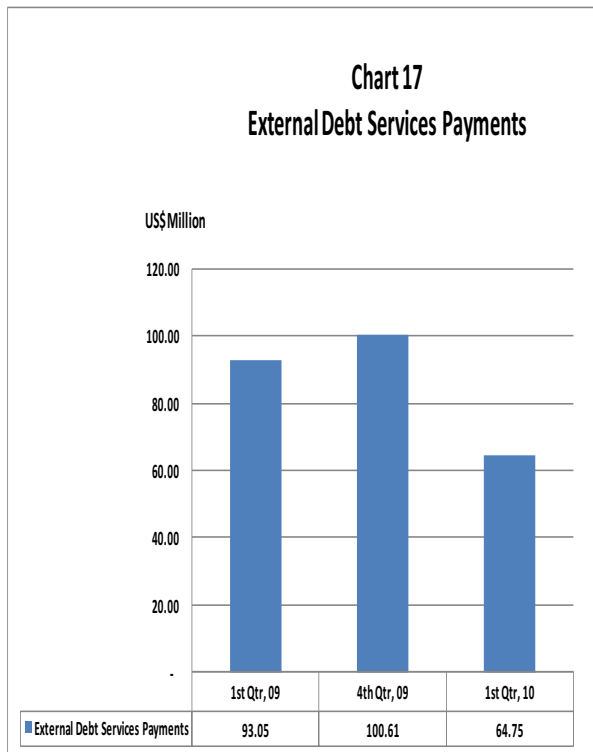
The private sector external debt as at end March, 2010 stood at US\$500.74 million, when compared with US\$593.93 million in Q4, 2009 and US\$1,236.85 million in Q1, 2009. This class of debt represent debt drawn within the analyzed quarters only (Table 1).

**Debt Service Payments:**

Available statistics showed that public sector debt service payments declined from US\$100.6 million in Q4, 2009 to US\$64.8 million in Q1, 2010 (Chart 17).

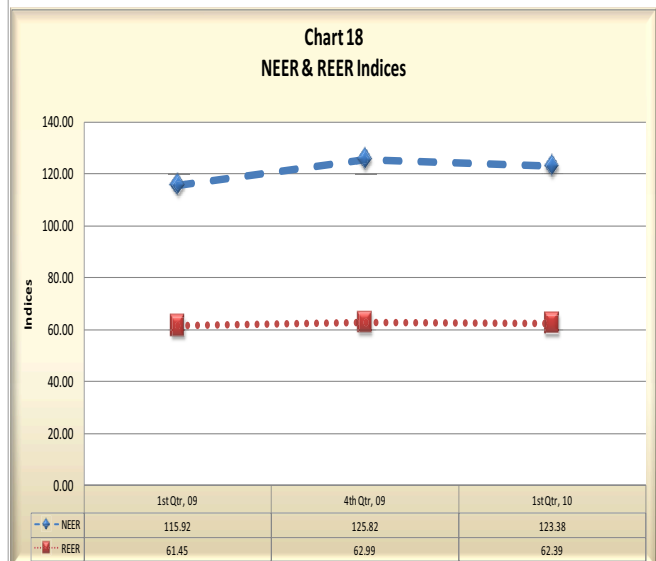


## NEER and REER Indices Decline



**NEER and REER:**

The real effective exchange rate (REER) and the nominal effective exchange rate (NEER) of the naira indices declined at the end of Q1, 2010, over the level recorded in Q4, 2009. That REER depreciated indicates improvements in the external competitiveness of the prices of the Nigerian trade-able goods (Chart 18).



# Naira Exchange Rates Converge Marginally

**Official and BDC Rates:**

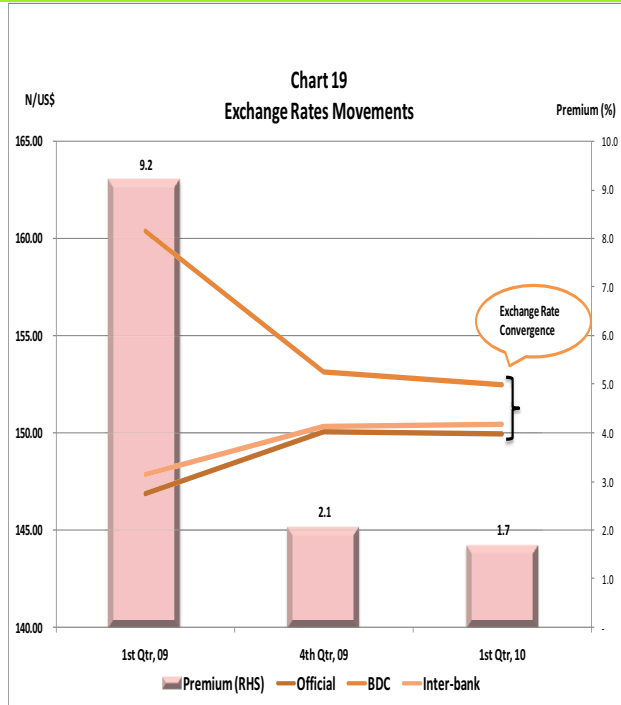
The average official exchange rate appreciated marginally as naira exchanged at N149.94 to the US dollar in Q1, 2010, as against N150.05 in Q4, 2009. Also, at the bureau-de-change (BDC) segment of the market, the naira exchanged at N152.49 to the US dollar in Q1, 2010, as against N153.16 in Q4, 2009.

As illustrated in Chart 19, this development implies that the BDC premium narrowed as the official and BDC rates move towards convergence.

**Inter-bank Rate:**

At the inter-bank segment of the market, the naira exchanged at an average of N150.46 to the US dollar in Q1, 2010 as against N150.35 and N147.86 in Q4, 2009 and Q1, 2009, respectively.

While the inter-bank rate depreciated in Q1 2010 against the Q4 2009 level, the BDC and official rates appreciated in the same period.



The BDC premium narrowed indicating continued convergence of the naira exchange rate in the two markets

	1st Qtr, 2009	2nd Qtr, 2009	3rd Qtr, 2009	4th Qtr, 2009	1st Qtr, 2010
<b>CURRENT ACCOUNT</b>	3,581.25	3,985.88	5,559.02	10,015.77	9,163.95
<b>Goods</b>	4,648.58	5,525.92	7,934.12	12,497.28	10,960.47
Exports	11,119.96	12,726.02	16,070.53	20,057.77	17,796.91
Crude Oil & Gas	10,625.18	12,304.65	15,685.60	19,395.44	17,062.73
Non-Oil	494.78	421.37	384.94	662.33	734.18
Imports	-6,471.38	-7200.11	-8,136.41	-7,560.49	-6,836.44
Crude Oil & Gas	-1,079.29	-1,739.22	-1,981.04	-2,111.22	-2,762.54
Non-Oil	-5,392.09	-5,460.89	-6,155.38	-5,449.27	-4,073.90
<b>Services (net)</b>	-3,508.41	-3,817.32	-4,202.93	-3,980.46	-2,530.95
<b>Income (net)</b>	-1,493.19	-2,459.29	-2,742.35	-3,435.58	-3,948.99
<b>Current transfers (net)</b>	3,934.27	4,736.57	4,570.18	4,934.53	4,683.42
<b>CAPITAL &amp; FINANCIAL ACCOUNTS</b>	5,991.81	6,755.44	3,099.00	1,425.16	425.08
Capital Account (net)	0	0	0	0	0
Financial Account (net)	5,991.81	6,755.44	3,099.00	1,425.16	425.08
<b>Assets</b>	5,660.20	4,740.87	-2,168.44	-525.82	412.08
Direct Investment Abroad	-31.03	-36.68	-4.98	-68.36	-54.00
Portfolio Investment Abroad	-448.75	-54.36	-178.13	-240.87	-626.76
Other Investment	221.57	1,212.69	-2,104.73	-1,177.43	-622.62
Reserves Assets	5,918.40	3,619.22	119.41	960.84	1,715.46
<b>Liabilities</b>	331.61	2,014.57	5,267.44	1,950.99	12.99
Direct Investment Inflows	1,399.44	1,701.53	1,180.11	1,569.65	550.62
Portfolio Investment Inflows	-308.62	337.12	389.13	314.62	716.64
Other Investment Liabilities	-759.20	-24.08	3,698.19	66.72	-1,254.27
<b>Net Errors &amp; Omission</b>	<b>-9,573.06</b>	<b>-10,741.32</b>	<b>-8,658.02</b>	<b>-11,440.94</b>	<b>-9,589.03</b>
<b>Memorandum Items</b>					
Trade Balance	3,484.12	4,301.26	6,739.04	11,348.12	10,233.93
Current Account Balance as % of GDP	9.46	9.94	12.31	21.86	22.62
Capital & Financial Accounts as % of GDP	15.83	16.85	6.86	3.11	0.99
Overall Balance as % of GDP	-15.64	-9.03	-5.60	-2.10	-3.98
External Reserves– Stock (US\$' Million)	47,081.96	43,462.74	43,343.33	42,382.49	40,667.03
Number of Months of Imports Cover	21.83	18.11	15.98	16.82	18.86
Number of Foreign Exchange Disbursement	12.5	14.3	14.4	19.9	15.12
Public External Debt Stock (US\$' Million)	3,627.50	3,719.24	3,863.93	3,947.30	4,306.18
Private External Debt (US\$ Million)	1,236.85	NA	NA	593.93	500.74
Effective Central Exchange Rate (N/\$)	142.81	146.69	147.99	147.27	148.70
End-Period Exchange Rate (N/\$)	147.16	148.22	148.79	149.58	149.28

Source: Compiled by Balance of Payments Office (BOPSO), Statistics Dept. CBN



**Table 2: Inflows and Outflows of Foreign Exchange through the Economy**

	Ist Qtr, 2009 (1)	4th Qtr, 2009 (2)	Ist Qtr, 2010 (3)	Percentage Change (1) & (3)	Percentage Change (2) & (3)
<b>Inflows</b>	17,922.22	19,589.52	21,843.68	21.9	11.5
Inflows through CBN	5,724.61	5,883.42	6,521.13	13.9	10.8
Inflows through Autonomous Sources	12,197.61	13,706.10	15,322.55	25.6	11.8
<b>Outflows</b>	11,466.25	6,525.99	8,263.44	-27.9	26.6
Outflows through CBN	11,255.67	6,396.29	8,070.18	-28.3	26.2
Outflows through Autonomous Sources	210.58	129.70	193.26	-8.2	49.0
Net Flows through CBN	-5,531.06	-512.87	-1,549.05	-72.0	202.0
<b>Net Flows</b>	6,455.97	13,063.53	13,580.24	110.4	4.0

Sources: Trade & Exchange Dept. and Reserves Management Dept., CBN

**Table 3: Currency Composition of Foreign Exchange Reserves (US\$' Million)**

Currencies	Ist Qtr, 2009	4th Qtr, 2009	Ist Qtr, 2010	Share of Total
US Dollar	41,619,227,880.11	33,931,984,502.45	32,522,998,408.24	79.97
GB Pounds	1,151,955,068.94	1,378,329,453.05	1,284,845,185.94	3.16
Euro	4,247,259,344.65	4,664,941,237.70	4,523,467,265.10	11.12
Swiss Franc (CHF)	3,770,852.05	3,273,277.29	2,110,500.74	0.005
Japanese Yen	14,980,401.72	16,527,263.61	21,261,097.30	0.05
Other Currency Holdings	44,699,081.52	2,387,437,858.59	2,312,350,992.08	5.69
Total	47,081,902,608.98	42,382,493,319.69	40,667,033,449.40	100

Sources: Trade & Exchange Dept. and Reserves Management Dept., CBN

**Table 4: Supply and Major Uses of Foreign Exchange (US\$' Million)**

	Ist Qtr, 2009	4th Qtr, 2009	Ist Qtr, 2010	(1) & (3)	(2) & (3)
Visible	7,884.96	5,169.06	4,786.77	-39.3	-7.4
Invisibles	2,800.90	1,835.77	1,899.77	-32.2	3.5
Total	10,685.86	7,004.83	6,686.54	-37.4	-4.5

Source: Trade & Exchange Dept. , CBN

**Table 5: External Trade Position**

	Imports % (Q on Q)	Exports % (Q on Q)	Trade Balance (US\$ million)
Ist Qtr, 2009	-0.94	-45.26	3,484.12
4th Qtr, 2009	-29.48	71.94	11,348.12
Ist Qtr, 2010	-0.95	60.04	10,233.93

Source: BOPSO, Statistics Dept., CBN

**Table 6 Degree of Openness and International Crude Oil Price**

	Ist Qtr, 2009	4th Qtr, 2009	Ist Qtr, 2010
Degree of Openness	0.51	0.64	0.59
Crude Oil Price (US\$ PB)	47.06	77.16	77.65

Source: International Investment Statistics Office, Statistics Dept., CBN

**Table 7: Sectoral Utilization of Foreign Exchange by DMBs for 'Valid' Transactions (US\$)**

	1st Qtr, 2009	4th Qtr, 2009	1st Qtr, 2010	Share of Total
<b>A. Imports</b>	7,884,955,662.87	5,169,059,427.87	4,786,770,869.32	100.0
Industrial Sector	2,529,477,495.92	1,453,787,457.14	1,188,963,389.23	24.8
Food Products	981,914,729.24	868,653,544.86	739,682,057.14	15.5
Manufactured Products	1,795,839,775.46	1,152,621,370.98	1,247,991,500.97	26.1
Transports Sector	513,366,318.89	300,102,052.68	345,196,120.71	7.2
Agricultural Sector	76,753,470.41	38,118,951.51	30,257,643.90	0.6
Minerals	37,557,334.47	38,868,440.26	47,180,031.30	1.0
Oil Sector	1,950,046,538.48	1,316,907,610.44	1,187,500,126.07	24.8
<b>B. Invisibles</b>	2,800,901,967.05	1,835,768,668.04	1,899,770,324.64	100.0
Business Services	404,189,843.19	305,473,834.77	334,629,400.23	17.6
Communication Services	113,747,252.57	82,501,347.75	71,014,656.45	3.7
Construction & Related Engineering Services		18,082,287.44	9,567,678.36	0.5
Distribution Services	2,302,473.36	10,928,050.97	10,514,836.52	0.6
Educational Services	24,822,454.94	33,125,943.06	26,453,578.89	1.4
Environmental Services			81,409.89	0.0
Financial Services	2,133,977,049.05	1,102,978,423.25	1,257,903,081.21	66.2
Health & Related Social Services	1,797,022.39	862,916.38	301,540.99	0.0
Tourism & Travel Related Services	1,728,675.02	4,015,568.31	1,327,234.26	0.1
Recreational, Cultural & Sporting Services	241,509.00	27,560.69	30,000.00	0.0
Transport Services	101,004,097.71	256,059,219.92	175,628,032.21	9.2
Other Services not included elsewhere	17,091,589.82	21,713,515.50	12,318,875.63	0.6
Total (A+B)	10,685,857,629.92	7,004,828,095.91	6,686,541,193.96	

Source: Trade and Exchange Department, CBN

**Table 8: International Agricultural Commodity Prices (Metric Tonnes)**

	1st Qtr, 2009	4th Qtr, 2009	1st Qtr, 2010	% Chg (1) & (3)	% Chg (2) & (3)
<b>Cocoa</b>	2,594.52	3,418.07	3,297.11	27.08	-3.54
<b>Palm Oil</b>	536.25	679.50	763.41	42.36	12.35
<b>Wheat</b>	231.68	205.38	195.55	-15.59	-4.79
<b>Soya Beans</b>	346.55	368.29	350.86	1.24	-4.73

Sources: International Cocoa Organization/International Monetary Fund

**Table 9 NEER and REER Indices**

	1st Qtr, 2009	4th Qtr, 2009	1st Qtr, 2010
<b>NEER</b>	115.92	125.82	123.25
<b>REER</b>	61.45	62.99	61.99

Source: External Sector Indicators Statistics Office, CBN

**Table 10: Average Exchange Rates**

	1st Qtr, 2009	4th Qtr, 2009	1st Qtr, 2010	Appreciation(+) Depreciation (-) Q4 2009 & Q1 2010 (%)
<b>Official Exchange Rate (WDAS)</b>	146.88	150.05	149.95	+0.07
<b>Bureau de Change Rate (BDC)</b>	160.38	153.16	152.49	+0.44
<b>Inter-Bank Rate</b>	147.86	150.35	150.46	-0.07
<b>Premium between WDAS and BDC (%)</b>	9.2	2.1	1.7	