



**NIGERIA
ECONOMIC
UPDATE**

Weekly

Digest

www.cseaafrica.org

September 11, 2023 Issue 35

Trade Balance remains Positive in the Second Quarter 2023

According to the National Bureau of Statistics (NBS) [report](#) on Foreign Trade in Goods for the second quarter of 2023, total trade stood at N12.7 trillion, a decline of 7.6% from N13.8 trillion recorded in Q2 2022. Both imports and exports experienced a decrease in year-on-year changes; however, the rate of decline was higher for imports. Total imports declined by 10.4%, while total exports decreased by 5.2%. Quarter-on-quarter changes, total trade experienced an increase of 5.8% from N12.1 trillion in Q1 2023, reflecting a recovery in the trade. The expansion can be attributed to the concurrent rise in total imports (+3% QoQ) and total exports (+8.2% QoQ), reaching N5.7 trillion and N7 trillion, respectively. Furthermore, the trade balance remained in surplus for the third consecutive quarter and stood at N1.3 trillion. Cumulatively, the trade balance for H12023 stood at NGN2.2 trillion, an appreciable rise from N618.8 billion recorded in H12022. The top three export commodities in Q2 2023 were Petroleum oil and crude oil obtained from bituminous minerals (79.6%), Liquefied natural gas (9.1%), and urea (1.2%), jointly accounting for about 89.9% of total exports. Conversely, the highest-imported commodities included Motor Spirit (21.5%), automobiles with diesel or semi-diesel engines with a cylinder capacity greater than 2500cc (12.82%), and gas oil (4.03%). While the trade balance looks positive, the position should be interpreted cautiously due to shortages of foreign currencies that impede international trade. There is likely to be further expansion of trade in the second half of the year with the recent harmonisation of the exchange rate based on the recovery experienced in Q2 2023. Trade is critical for growth, job creation, and poverty reduction. As a result, the government needs to implement policies that would improve the business environment and formalise the economy's trade sector to facilitate accurate output monitoring.

Nigerian Capital Market at the End of Trading on September 8

As of the close of the Nigerian Capital Market on September 8, 2023, Market Capitalization [increased](#) by 0.91% week-on-week to reach N37.3 trillion. In terms of sectoral performance, the NGX ASeM index closed unchanged, while the NGX Insurance, NGX Oil and Gas, NGX Industrial Goods, NGX Growth, and NGX Sovereign Bond indices recorded a decrease. All other indices, including NGX Main Board, NGX 30, NGX CG, NGX Premium, NGX Bank, NGX Pension, and NGX Consumer Goods, increased during the week. The trading activity for the week recorded a total turnover of 2.644 billion shares, valued at N45.450 billion, exchanged in 44,189 deals. This represents an increase compared to the previous week's performance, which saw 2.510 billion shares traded at N32.816 billion in 40,736 deals. The Financial Services Industry dominated the market, accounting for 60.03% of the total equity turnover volume and contributing 45.98% to the total equity turnover value. The top three equities in terms of volume are Oando Plc, Fidelity Bank Plc, and United Bank for Africa Plc, which accounted for 27.70% of the total equity turnover volume and 15.73% of the total equity turnover value. Given the positive market outlook, there is a need to strengthen regulatory oversight to maintain market integrity and protect investors' interests. In addition, using the 2022 GDP of N199.3 trillion, the market capitalisation as a ratio of GDP stood at 18.7%, reflecting the underdeveloped state of Nigeria's capital market. As a result, the government needs to incentivise big companies to be listed on the Nigerian Exchange Group, as a bigger stock market fosters economic growth and shared prosperity.

FMDQ Foreign Exchange Market Sales records \$445.6m in five days

In a recent [report](#) by the Foreign Market Dealers Quotation (FMDQ) Securities Exchange a total turnover of \$445.58 million in the foreign exchange (FX) spot and derivatives markets segment for the week ending September 8, 2023 was recorded. This figure reflects a 19.2% decrease of \$105.90 million compared to the \$551.48 million reported for the preceding week, ending September 1, 2023. The week-on-week (WoW) reduction in overall turnover was primarily driven by a 19.25% decrease of \$106.01 million in FX spot turnover. However, a notable 15.28% increase of \$0.11 million in FX futures turnover occurred during the same period. This rise in currency derivatives turnover was exclusively attributed to a 15.28 percent increase of \$0.11 million in currency forwards turn-over. In contrast, Exchange-Traded FX Futures and Naira-Settled OTC derivatives markets remained subdued, with no reported activity during the week. Also, FMDQ Securities Exchange reported no trades in the Exchange-Traded FX Futures and existing Naira-Settled OTC FX Futures markets during this reporting period. Regarding exchange rates, the average Nigerian Autonomous Foreign Exchange Fixing (NAFEX) rate for the week stood at \$772.13, a slight increase from the \$772.07 recorded in the week ending September 1, 2023, representing a marginal 0.01% depreciation of the Naira against the dollar. Given this development, policymakers need a balanced and proactive approach to increase transactions in the FX markets while fostering growth and stability in the broader economy. Continuous monitoring, targeted interventions, and regulatory adjustments may be necessary to ensure that transactions take place in all the FX markets.

ECONOMIC SNAPSHOT		
Quarterly Indicators	'22Q4	'23Q1
GDP Growth Rate (%)	3.52	2.31
Oil GDP Growth Rate (%)	-13.38	-4.21
Non-oil GDP Growth Rate (%)	4.44	2.77
Unemployment Rate (%)	NA	NA
Foreign Direct Investment (US \$ Million)	84.23	NA
Portfolio Investment (US \$Millions)	285.26	NA
Other Investment (US \$Million)	691.23	NA
External Debt (FGN & States- N'Trillion)	18.70	19.64
Domestic Debt (FGN + States & FCT N'Trillion)	27.55	30.21
Manufacturing Capacity utilization (%)	NA	NA
Monthly Indicators	May '22	May '23
Headline Inflation (%)	17.71	22.41
Food Sub-Index (%)	19.50	24.82
Core Sub-Index (%)	14.21	19.83
External Reserves (End Period) (US\$ Billion)	38.48	34.09
Official Rate Approx. (N/US\$)	415.15	461.26
BDC Rate Approx. (N/US\$)	NA	NA
Manufacturing PMI	48.9	NA
Non-Manufacturing PMI	49.9	NA
Average Crude Oil Price (US\$/Barrel)	117.17	76.91
Petrol (PMS-N/litre)	173.08	238.11
Diesel (AGO -N/Litre)	238.82	844.28
Kerosene (HHK -N/Litre)	679.54	1,206.05
Liquefied Petroleum Gas (Cooking Gas) (N/5Kg)	3,921.35	4,360.69
MPR (%)	13.0	18.50
CRR (%)	27.5	32.5
T-Bill Rate (%)	2.47	2.98
Savings Deposit Rate (%)	1.37	5.13
Prime Lending (%)	11.96	14.07
Maximum Lending (%)	27.37	28.31
Narrow Money (N'Trillion)	20.56	22.27
Broad Money (N'Trillion)	48.51	55.50
Net Domestic Credit (N'Trillion)	56.51	74.91
Credit to the Government (Net) (N'Trillion)	18.05	30.69
Credit to the Private Sector (N'Trillion)	38.46	44.21
Currency in Circulation (N'Trillion)	3.331	2.527
FAAC (N'Billion)	833.86	NA

NA: Not Available

REFERENCES

1. NBS (2023). Foreign Trade in Goods Statistics (Q2 2023) Retrieved from <https://nigerianstat.gov.ng/elibrary/read/1241376>
2. FMDQ (2023). FMDQ Foreign Exchange Market Sales records \$445.6 million in Five days. Retrieved from <https://fmdqgroup.com/exchange/market-turnover/>
3. NGX (2023). Weekly Market Report for September 8th, 2023. Retrieved from <https://ngxgroup.com/exchange/data/market-report/>