



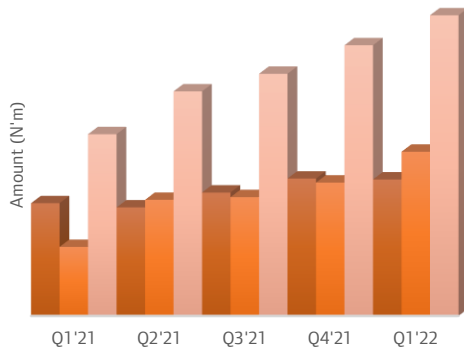
Nigeria's Foreign Trade: Q1 2022

MPR: 13% Inflation Rate: 16.82%

Q1 Real GDP Growth Rate: 3.11%

Nigeria's total trade ballooned in Q1 to N13.0trn with almost N2trn in trade surplus from crude oil exports...

Nigeria's Trade Merchandise Value (₦'mn)



A look into the latest NBS report on foreign trade statistics, Nigeria's total merchandise trade stood at N13.0 trillion in the first quarter of 2021 as it rose 65.41% year on year from N7.86 trillion in Q1 2021 and 11.05% higher than the prior quarter's total trade of N11.7 trillion. However, we noted that Nigeria's total merchandise trade and exports are at their highest level since 2018, which is as far back as the data series goes. For the first time since Q2 of 2021, Nigeria recorded a trade surplus of around N1.19 trillion during Q1 Of 2022 which can be attributed to the massive increase in Nigeria's receipts from crude oil exports and the imports of refined petroleum products.

During the quarter under review, we saw from the report that total exports were N7.1 trillion of which re-exports printed at N115.8 billion while the imports were at N5.9 trillion. Thus, total exports increased by 23.13% when compared to the fourth quarter of 2021 to N5.76 trillion and by 137.88% from N2.98 trillion recorded in the first quarter of 2021. On the other hand, the NBS report showed that total imports increased by 21.04% in the first quarter of 2022 to N5.90 trillion when compared to the value recorded in the first quarter of 2021 at N4.87 trillion and decreased by 0.67% when compared to the value recorded in the preceding quarter.

Underpinning the sharp increase in exports is the fact that the value of crude oil exports almost tripled to N5.6 trillion in Q1 of 2022 from N2.0 trillion in Q1 of 2021 and is substantially due to the rally in crude oil prices caused by global supply shocks from the Russian-Ukraine war. However, with respect to imports, we note from the report that the total value of minerals and fuel imports grew 12% y/y to N1.9 trillion. Of the sum, the motor spirit (which we assume to consist of mostly PMS or gasoline) amounted to N1.8 trillion, a 45% year-on-year increase.

Furthermore, Nigeria's major import focus was on manufactured goods valued at N2.97 trillion, trailed by other petroleum oil products which stood at N1.9 trillion, raw materials at N538.5 billion, Agricultural products and Solid minerals goods at N443.4 billion and N41.09 billion. The other side of the trade book saw Nigeria's export of crude oil rose to N5.62 trillion and was trailed by other petroleum oil products (N764.27 billion), raw material goods which interestingly increased 504% to N259.48 billion, manufactured goods (N219.08 billion) and then agricultural goods at N201.59 billion. Meanwhile, top on the list of non-oil and gas-related exports was urea, which accounted for N208 billion from the previous N17 billion in Q1 of 2021 and the increase in urea exports can be linked to the start-up of operations at the Dangote Fertilizer facility.

We note that Nigeria's rising trade surplus comes from its continued drive on non-oil exports as efforts to achieve the economic diversification plan and increase receipts from oil and non-oil exports. This we attribute to efforts at implementing the import substitution strategy. Also, receipts from crude oil exports were substantial to the recorded surplus and were driven by the rally in crude oil prices caused by global supply shocks from the Russian-Ukraine war. For a better context, CBN's data on the price of Bonny Light, Nigeria's benchmark blend, averaged \$107 per barrel during Q1'22 from the \$62 per barrel in Q1'21

%age Change in Export Proceeds

Export Category	Q4 2021	Q1 2022	% Change (Q-Q)
Crude Oil (N' Bn)	4,269.36	5,620.99	31.66%
Non-Crude Oil Exports (N' Bn)	1,497.25	1,479.46	-1.19%
Non-Oil exports (N' Bn)	810.87	715.19	-11.80%

Exports to Regions

Year	Africa (N' Bn)	America (N' Bn)	Europe (N' Bn)	Asia (N' Bn)	Oceania (N' Bn)
2019	3,922.45	2,048.39	7,617.29	5,421.55	182.55
2020	2,374.89	850.18	4,868.97	4,307.66	120.99
2021	2,413.38	2,470.45	7,475.59	6,386.95	18.91
Q1 2022	442.76	895.87	3,046.07	2,713.19	2.553

Sources: National Bureau of Statistics, Cowry Research

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