



Nigeria's Foreign Trade Update: Q3 2022

MPR: 16.50% Oct'22 Inflation Rate: 21.09 %

Q3 Real GDP Growth Rate: 2.25%

Nigeria Records Moderately Positive Trade Balance to N3.44 Trillion in 9 Months

The latest foreign trade report from the National Bureau of Statistics showed that Nigeria's total merchandise trade stood at N37.44 trillion in 9 months of 2022 and rising 33.51% from N28.04 trillion same period last year as the trade balance advanced to N3.44 trillion in the same period resulting from the sharp 55.6% rise in the total export trade and 14.1% surge increase in imports from the 9 months levels last year.

According to our analyses of the data, total exports which printed at N20.44 trillion in nine months was way ahead by N3.44 trillion from N17 trillion in the same period. This principally translated to a moderately positive trade balance (surplus) and was offset by Nigeria's continued drive on non-oil exports as an

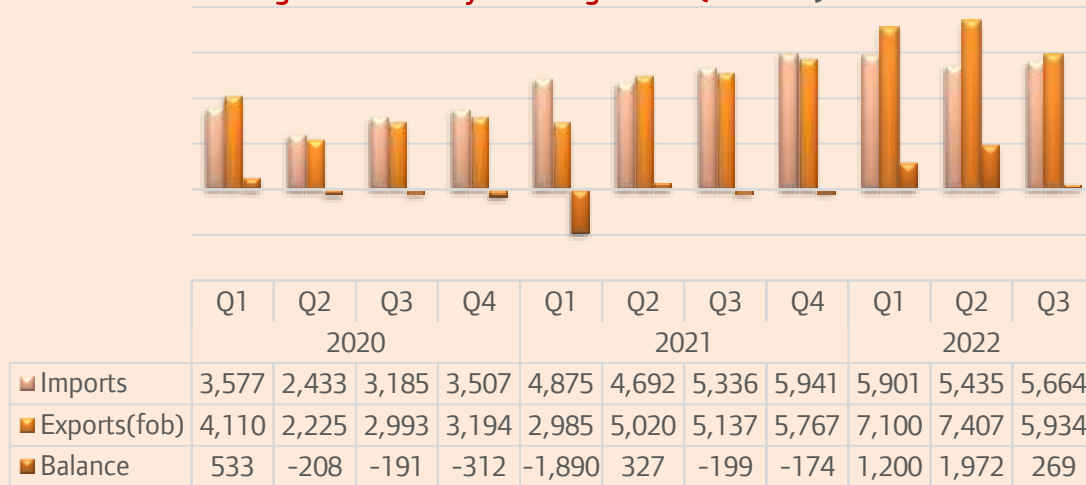
effort to achieve the economic diversification plan and increase receipts from oil and non-oil exports.

On the other hand, and in a quarterly comparison, Nigeria reported a shrinking trade numbers which stood at N11.60 trillion at the end of September resulting from the decrease in export trade which comes on the back of a shrinking trade balance during the quarter. This total merchandise value was lower than the value recorded in the second quarter of 2022 (N12.84 trillion) but was higher than the value recorded in September 2021 which stood at N10.47 trillion.

From the report in the third three months of 2022, Nigeria's total exports declined by 19.89% to N5.93 trillion when compared to the N7.41 trillion in Q2 but was an increase by 15.52% in the third quarter of 2021 which printed at N5.14 trillion. Export by section revealed that Nigeria exported mainly mineral products which amounted to N5.53 billion, or 93.23% of total export value; followed by Products of the chemical and allied industries, which were valued at N140.48 billion (or 2.37% of the value of total exports) and Prepared foodstuffs; beverages, spirits and vinegar; tobacco worth N66.81 billion (1.13% of the value of total exports).

During the period, Nigeria reported Petroleum oils and oils obtained from bituminous minerals (N4.7 trillion) as the largest export value with crude oil export eating up N4.65 trillion of the total exports which accounted for 78.51% of the total oil exports. This

Nigeria's Summary of Foreign Trade (N'billion)



Source: National Bureau of Statics, Cowry Research

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points that exports are majorly driven by crude oil trades. Trailing this, was Natural gas, liquefied' with N757.36 billion accounting for 12.76%, and 'Urea, whether or not in aqueous solution' with N133.17 billion or 2.24% of total exports.

On the other hand, total imports increased by 4.22% to N5.66 trillion in the third quarter of 2022 when compared to the value recorded in the second quarter of 2022 at N5.44 trillion and also grew by 6.16% when compared to the value recorded in the corresponding quarter of 2021 N5.34 trillion. The top-ranked import groups were mineral fuels with N1.62 trillion (28.66% of total imports), this was followed by imported machinery & transport equipment with N1.52 trillion (26.89% of total imports) and chemicals & related products with N833.20 billion (14.71% of total imports). Meanwhile, commodities with the largest values among the top imported products during the quarter were Motor Spirit ordinary (N1.19 trillion), Gas Oil (N261.60 billion), and Durum wheat (Not in seeds) (N252.62 billion).

A look at Nigeria's trading partners during the quarter, Spain leads the ranking with 14.72% share of total export. Trailing, were India (10.44%), France (7.25%), Netherlands (7.09%) and Indonesia (7.0%) while the major import partners saw China emerge as Nigeria's largest trading partners with 26.95% of total imports. This was followed by Netherlands with 9.99%, India (7.95%), Belgium (7.46%) and the United States (6.46%).

Cowry Research notes that the foreign exchange pressure on the Naira coupled with the lag effects from repercussions of the Russia-Ukraine war, rising inflation levels globally, monetary tightening and the recent headwinds faced by global trade in merchandise in the face of slowing economy and supply chain congestions have brought about the shrinkage recorded in total trade balance for Nigeria. However, the current gradual rise in exports speaks to the need for FG to further create an enabling business environment that would promote exports of other products (non-oil) outside crude oil.