

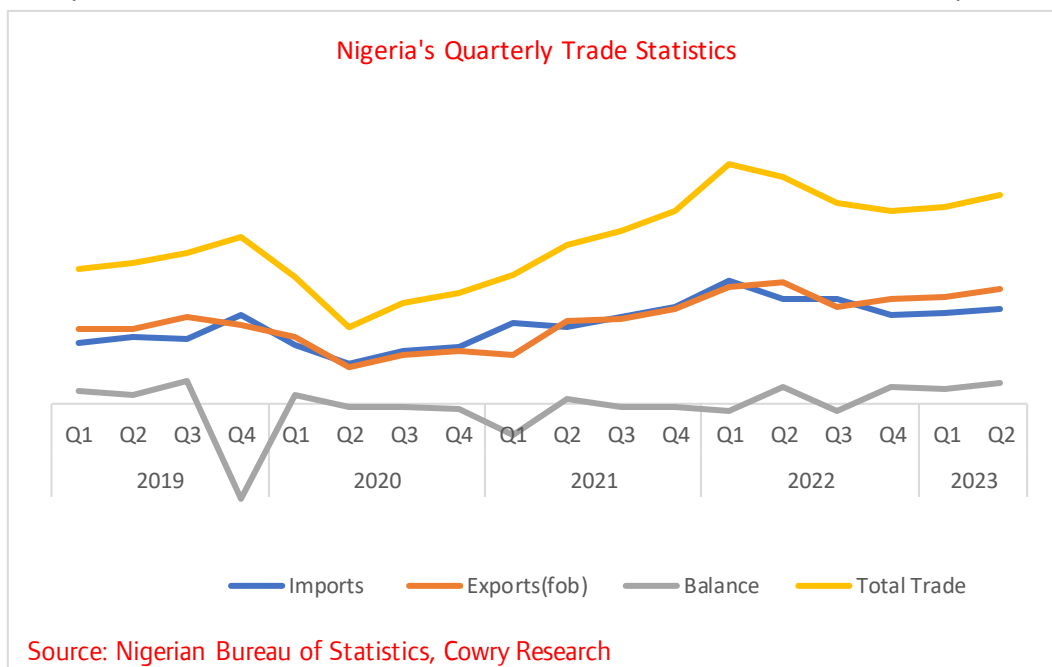
## Analyst's Note on: Foreign Trade Statistics – Q2 2023

### Improved Policies Spark Uptrend in Nigeria's Trade Value to N24.8trn in Six-Months

The latest report published by the National Bureau of Statistics showed that Nigeria reported an uptick in her total trade value by N24.79 trillion under six months in 2023 as total export outpace the total import during the period to give a positive trade balance of N2.22 trillion on the back of the implementation of less restrictive trade policies.

Nigeria's foreign trade in goods in H1'23 showed an improvement during the period with both exports and imports increasing. This was due to a number of factors, including the rise in global oil prices and the increasing demand for Nigerian exports. However, the trade surplus crossed N2 trillion for the first time since 2019 (N2.23 trillion), but portends that Nigeria still has a long way to go to achieve a sustainable trade balance above the pre-covid era.

On quarterly performance, Nigeria's total trade value surged 5.7% q/q to N12.74 trillion during the Q2'23 from N12.05 trillion in the prior quarter as total export exceeds total import during the quarter. Comparable to Q2'22, it was a 7.6% deceleration when compared to the corresponding period in 2022 which resulted from the effect of the Russia Ukraine war which caused trade disruption.



The disaggregation of total trade into exports and imports shows that total exports stood at N7.02 trillion showing an increase of 8.15% over the value recorded in the preceding quarter and a decrease of 5.20% over the corresponding period in the preceding year. To add, the NBS data showed that the share of exports in total trade stood at 55.06% in Q2, 2023. Exports trade in the second quarter of 2023 was dominated by crude oil exports valued at N5.59 trillion which accounted for 79.63% of total exports while non-crude oil exports value stood at N1.43 trillion or 20.37% of total exports of which non-oil products contributed N688.68 billion representing 9.82% of total exports.

Exports by section revealed that Nigeria exported mainly 'mineral products' which amounted to N6.38 trillion, or 90.90% of the total export value; followed by 'Vegetable products', which were valued at N217.13 billion (or 3.09% of the value of total exports) and 'Base metals and articles of base metals' worth N128.32 billion (1.83% of the value of total exports).

Exports trade by region in Q2, 2023 shows that Nigeria exported most products to Europe with goods valued at N3.16 trillion or 45.05% of total exports, followed by exports to Asia valued at N1.73 billion (24.64% of total exports), exports to America was valued at N1.37 trillion, (19.56% of total exports) while export to other African countries stood at N747.84 billion or 10.66% of total exports of which N425.74 billion worth of goods were exported to ECOWAS countries.

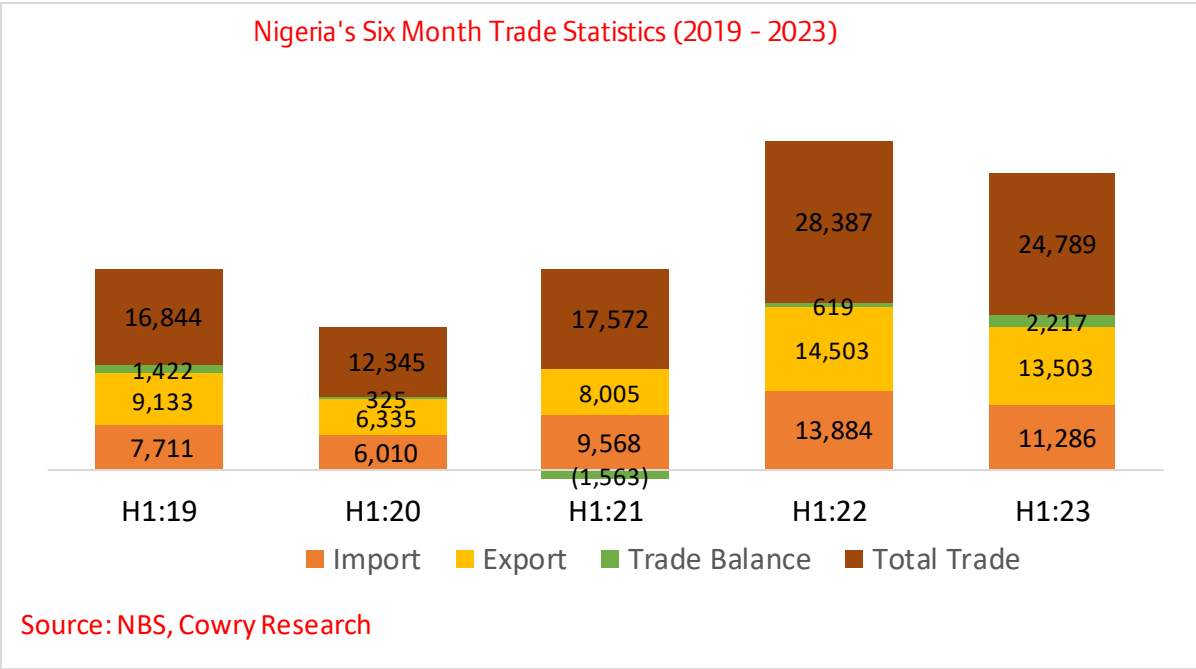
The export destination during the quarter under review shows that The Netherlands recorded the highest value at N788.85 billion representing 11.24% of total exports. This was followed by the United States of America with N718.63 billion or 10.24%, Indonesia with N550.18 billion or 7.84%, France with N540.73 billion or 7.71%, and Spain with N504.45 billion or 7.19%. These five countries collectively accounted for 44.23% of the value of total exports in Q2, 2023.

On the flip side, the import value printed at N5.73 trillion in Q2'23, indicating an increase of 2.99% over the value recorded in the preceding quarter. The value of imports in the quarter under review fell by 10.37% compared to the value recorded in the corresponding period of 2022. Imports trade share of total trade in the second quarter of 2023 accounted for 44.94% of total trade, bringing the trade balance to N1.29 trillion in the period under review.

Using the Standard International Trade Classification, the top-ranked group import was “machinery and transport equipment” with N1.99 trillion (34.67% of total imports), this was followed by “mineral fuels” with N1.65 trillion (28.84% of total imports) and “food and live animals” with N662.38 billion (11.57% of total imports).

Nigeria imported goods mainly from Asia, valued at N2.31 trillion or 40.40% of total imports. This was followed by Europe with N1.97 trillion or 34.33%, America with N1.19 trillion or 20.85%, Africa with N237.33 billion or 4.14% and Oceania with N16 billion or 0.28% in the second quarter of 2023. Imports from ECOWAS countries accounted for N52.01 billion or 0.91% of the value of total imports.

By country of origin, imported goods originated mainly from China and were valued at N1.27 trillion, representing 22.17% of total imports. This was followed by the United States with N921.45 billion (16.09% of total imports), Belgium with N460.43 billion (8.04% of total imports), India with goods imported valued at N417.77 billion or 7.30% of total imports, and the Netherlands with N369.69 billion (6.46% of total imports).



The recent positive trends in Nigeria’s merchandise trade value proves the level of attractiveness of Nigeria’s export products which brings about a rising trade value and an improving trade balance which we view as positive indicators for the economy. However, it's essential to note that these indicators can be influenced by a variety of factors, including exchange rate fluctuations, changes in global demand, trade policies, and geopolitical events.

We note that Nigeria’s rising trade surplus comes from the continued drive in non-oil exports as part of effort to achieve the economic diversification plan plus increased oil and non-oil exports receipts. This we attribute to efforts at implementing the import substitution strategy aimed at discouraging imports and encouraging exports. 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 cuts by OPEC+ members.

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