

## Analyst's Note on: Foreign Trade Statistics – Q1 2024

### Another Improvement in Merchandise Trade Despite Nigeria's Foreign Exchange Conundrums...

The latest foreign trade data from Nigeria's Bureau of Statistics indicates a 145.58% year-on-year increase in total merchandise trade, reaching N31.81 trillion in Q1 2024, up from N12.95 trillion in the same period of 2023. Exports totaled N19.17 trillion, while imports were N12.64 trillion, resulting in a positive trade balance of N6.52 trillion, a significant 310.6% increase from N20.94 billion in Q1 2023.

Exports accounted for 60.25% of the total trade, valued at N19.17 trillion, showing a 51.0% quarter-on-quarter increase from Q4 2023 and a 195.47% year-on-year rise from Q1 2023. During the period, mineral products dominated exports at N17.51 trillion, or 91.36% of the total export value, followed by vegetable products at N589.57 billion (3.08%) and prepared foodstuffs, beverages, spirits, and vinegar; tobacco at N472.82 billion (2.47%). Crude oil exports were N15.47 trillion, representing 80.80% of total exports, while non-crude oil exports stood at N3.68 trillion (19.20%), with non-oil products contributing N1.78 trillion (9.28%).

Elsewhere, imports accounted for 39.75% of total trade, valued at N12.64 trillion, a 39.65% increase from Q4 2023 and a 95.53% rise from Q1 2023. The leading import categories were mineral fuels at N4.44 trillion (35.09%), machinery and transport equipment at N3.17 trillion (25.08%), and chemicals and related products at N1.79 trillion (14.13%).



The positive trade balance was driven by rising exports, benefiting from naira devaluation and increased global demand for Nigeria's export products. This trend aligns with the 2024 WTO forecast, which anticipates global merchandise trade growth of 2.6% in 2024 due to easing inflationary pressures in advanced economies. The report also sheds light on regional trade forecasts, with Africa expected to witness the fastest export growth (5.3%) due to ongoing economic recovery efforts. In addition, a strong import volumes growth of 4.4% in Africa is expected to bolster global demand for traded goods this year.

From the NBS report, we saw that:

- Agricultural goods exports reached N1.04 trillion, up 123.08% from Q4 2023 and 270.13% from Q1 2023. Agricultural imports were N920.54 billion, a 29.45% increase from Q4 2023 and a 95.28% rise from Q1 2023.
- Raw material exports were N352.75 billion, up 7.09% from Q4 2023 and 76.48% from Q1 2023, while raw material imports were N1,47 trillion, a 51.78% increase from Q4 2023 and a 164.18% rise from Q1 2023.
- Solid mineral exports were N63.41 billion, up 76.77% from Q4 2023 and 143.69% from Q1 2023, with imports at N71.38 billion, a 21.15% increase from Q4 2023 and a 59.23% rise from Q1 2023.

- Manufactured goods exports were N268.70 billion, up 14.36% from Q4 2023 and 104.88% from Q1 2023, with imports at N5.74 billion, a 44.47% increase from Q4 2023 and a 139.47% rise from Q1 2023.
- Other oil product exports stood at N1.90 trillion, a 47.70% increase from Q4 2023 and a 177.17% rise from Q1 2023, while imports were N4.44 trillion, a 32.90% increase from Q4 2023 and a 48.28% rise from Q1 2023.

Trade with African nations showed exports valued at N2.24 trillion and imports at N401.83 billion. Key African export destinations included South Africa, Ivory Coast, Senegal, Benin, and Togo, accounting for 96.41% of exports to Africa. Major African import partners were South Africa, Ivory Coast, Togo, Egypt, and Morocco. The primary exports to Africa were petroleum oils, electrical energy, urea, cement clinkers, and soya bean flours, while key imports included kerosine-type jet fuel, petroleum bitumen, diammonium phosphate, other liquefied petroleum gases, and polypropylene.

Top export partners were France, Spain, the Netherlands, India, and the United States, collectively accounting for 45.74% of total exports. Key exported commodities included crude oil, liquefied natural gas, sesamum seeds, urea, and high-quality cocoa beans. On the import side, China was the top partner, followed by India, the United States, Belgium, and the Netherlands. Major imported commodities included motor spirit ordinary, gas oil, durum wheat, cane sugar for refining, and other liquefied petroleum gases and gaseous hydrocarbons.

Nigeria's trade surplus of N6.52 trillion marks another significant increase in the level of trade activities and can be primarily buoyed by the decline in total imports for the period on the back of rigorous checks and enhanced processes for accessing foreign currency for imports.

As highlighted in our 2024 outlook report, we anticipate that the positive trade surplus recorded will contribute to a higher current account surplus for Nigeria. This improvement in the trade balance is primarily attributed to increased trade activities during the period, with crude oil exports playing a dominant role, accounting for over 80% of the total amount. Our expectations for the fiscal year 2024 are based on the assumption that the pivotal role of crude oil production and export, coupled with a decrease in fuel imports, will continue to enhance the trade surplus, subsequently leading to a higher current account balance. However, we anticipate that the deficit in the services account will widen, albeit below pre-pandemic levels, due to ongoing foreign exchange pressures.

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