

December 18, 2015

Merchandise trade

Nigeria's total merchandise trade at the end of Q3 2015 was N4,021.4 billion, a 7.8 percent decline from the preceding quarter¹. Total Imports and exports recorded N1,688.2 billion and N2,333.2 billion, respectively in Q3 2015. The decline in trade was driven by a significant fall in exports (12.1 percent) and a marginal decline in imports (1 percent) from the preceding quarter. The drop in total exports was largely driven by a significant decline (18 percent) in Crude oil exports (Nigeria's main export commodity), pointing to the need to promote exports from the non-oil sectors of the economy.



Energy, Oil and Gas

The OPEC basket price declined by approximately 10.2 percent from \$35.83 per barrel to \$32.1 per barrel² this week while Brent prices experienced slight fluctuations around the band of approximately \$37 per barrel. The downward pressure on the price this week was largely influenced by the increase in the oil rig counts (Baker Hughes) in the United States³, and OPEC's increased supply (over 40% market share) which has resulted in oil glut. The natural gas prices also declined during the week by 12.2 percent from \$1.96 per million Btu to \$1.72 per million Btu. The abundant storage inventories, increased productions level and decline in US consumption of natural gas by approximately 8 percent are notable drivers of the price drop this week⁴.



External reserves

The external reserve balance for this week was \$29.42 billion, a 0.3 percent (approximately \$99 million) decline between December 14 and 18 2015. This decline which is lower than the 0.8 percent depletion of the previous week indicates a moderation in the efforts by the CBN to support the naira. However, prospects for an ease in the depletion rate of the reserves appear gloomy, as oil price continues to fall.



Exchange Rate

At the official market, the Naira/Dollar exchange rate remained stable at N197/\$ but depreciated from N254/\$ to N274/\$ at the Bureau De Change (BDC) market during the week⁶. The excess demand for dollar, which outweighs the supply limit of BDC set by the CBN, has continued to put pressure on the naira. However, as the year comes to an end, there are prospects for the naira to appreciate with remittances from abroad.



Stock Market

The Nigeria stock market indices; All Share Index (ASI) and Market Capitalization declined by 2.4 percent to close at 26537.36 points and N9.12 trillion respectively at the end of the trade session this week⁸. The decline in the indices, which is attributed to the low subscription for stocks in the market, led to the partnership between Security and Exchange Commission (SEC) and Debt Management Office (DMO) to salvage the financial system⁹. SEC and DMO are collaborating to develop the domestic bond market through effective management of debt instruments to ensure credit is made available to investors. This collaboration provides positive prospects for a rebound in the stock market activities in the near term.



Compiled by the Information and Data Management (IDM) Unit, CSEA

¹ Foreign Trade Statistics Third Quarter. NBS, 2015.

² OPEC Weekly Oil Price. Accessed December 16, 2015 http://www.opec.org/opec_web/en/data_graphs/40.htm

³ Saadi, Dania. "Gulf markets spooked with oil price at seven-year low." TheNational, December 20, 2015. Accessed December 22, 2015 <http://www.thenational.ae/business/markets/gulf-markets-spooked-with-oil-price-at-seven-year-low>

⁴ Natural Gas Weekly Update. EIA, 2015. Accessed December 20, 2015

http://www.eia.gov/naturalgas/weekly/archive/2015/12_17/index.cfm

⁵ CBN Statistical database 2015.

⁶ Lagos Black Market Rates. Abokifx2015. Accessed December 20, 2015 <http://abokifx.com/previous-rates-2/>

⁷ PM News. "FG to create 7 new railway corridors, says Amaechi". PM News, December 16, 2015. Accessed December 22, 2015

<http://www.pmnewsnigeria.com/2015/12/16/fg-to-create-7-new-railway-corridors-says-amaechi/>

⁸ Weekly Market Report. NSE 2015. Accessed December 30, 2015 <http://www.nse.com.ng/>

⁹ SEC Nigeria. "SEC Collaborates with DMO". Accessed December 22, 2015 <http://sec.gov.ng/sec-collaborates-with-dmo/>

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