

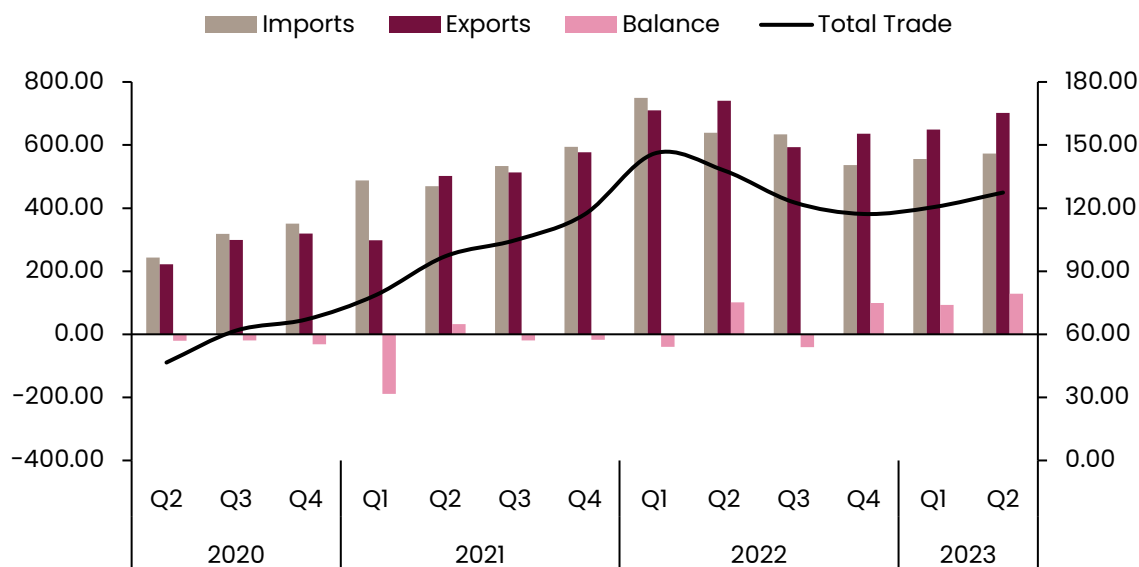


## Foreign Trade in Goods Statistics: Q2:2023

### Balance of Trade Maintains Positive Streak

Yesterday, the National Bureau of Statistics (NBS) released the Foreign Trade in Goods statistics for Q2:2023. On a Quarter-on-Quarter (QoQ) basis, Total Trade increased by 5.77% to NGN12.74trn (vs. NGN12.05trn in Q1:2023). This is due to the growth in both Total Imports (+2.99% QoQ) and Total Exports (+8.15% QoQ) to NGN5.73trn and NGN7.02trn respectively. However, we observed that Total Trade declined by 7.60% year-on-year (YoY) in Q2:2023 (vs. NGN13.79trn in Q2:2022). Consequently, Total Imports and Total Exports fell by 10.37% YoY and 5.20% YoY respectively in Q2:2023. Notably, Balance of Trade maintained its surplus streak for the third (3<sup>rd</sup>) consecutive quarter as it climbed by 39.1% QoQ to NGN1.29trn in Q2:2023 (vs. NGN927.16bn in Q1:2023). Overall, Balance of Trade settled at NGN2.22trn in H1:2023 compared to NGN618.81bn in H1:2022.

Figure 1: Quarterly Analysis of Foreign Trade in Goods Statistics Q2:2020-Q2:2023 (NGN'trn)



Source: NBS, ARM Research

## Exports – An Impressive Display of Growth

### Oil Export: Crude-Oil Exports Sustains Momentum amid Lower Prices and Output.

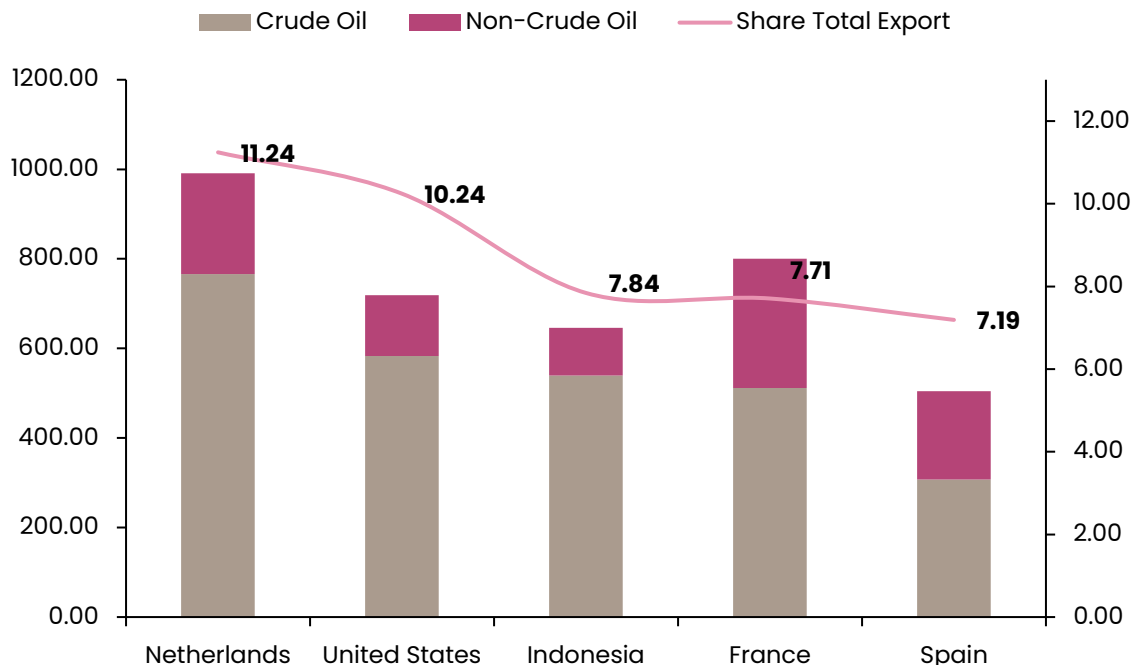
As per usual, crude oil exports continued to account for the larger share of total exports. In Q2:2023, Crude oil exports grew by 8.50% QoQ to NGN5.59trn and contributed a significant 79.63% to Total Export during the period (vs 79.37% in Q1:2023). Despite declining domestic oil production (average of 1.22MMbpd in Q2:2023 vs 1.55MMbpd in Q1:2023), alongside falling crude oil prices in Q2:2023, the country witnessed increased proceeds from Oil Exports. We opine that this is on the back of significant devaluation of the Naira against the dollar due to the implementation of the FX liberalization policy by the new administration before the end of Q2:2023.

### Non-Oil Export: The Resurgence

Non-Oil exports experienced a comeback from its decline in Q1:2023. Notably, Non-oil exports grew by 5.58% QoQ and 2.87% YoY to NGN688.68bn in Q2:2023 (vs NGN652.29bn in Q1:2023). We attribute this growth to the economic revival from the cash crunch and electioneering activities that plagued the economy in the previous quarter. Proving our point, we saw the average PMI expand to 53.7 points in Q2:2023 compared to 46.83 points in Q1:2023. Consequently, Manufactured goods exports grew by 61.76% QoQ to NGN212.14bn (vs NGN131.16bn in Q1:2023). Furthermore, exports of agricultural produce (+0.44% QoQ to NGN280.87bn), Energy (+2.34% QoQ to NGN15.96bn), solid minerals (+31.00% QoQ to NGN 34.08bn) and other products (+7.95% QoQ to NGN740.74bn) all grew during the quarter. Meanwhile, raw materials extended its decline (-27.1% QoQ to NGN145.62) for another quarter. However, Non-oil exports contribution to Total Exports declined to 9.82% in Q2:2023 from 10.06% in Q1:2023.

---

Figure 2: Export by Top Five (5) Major Countries

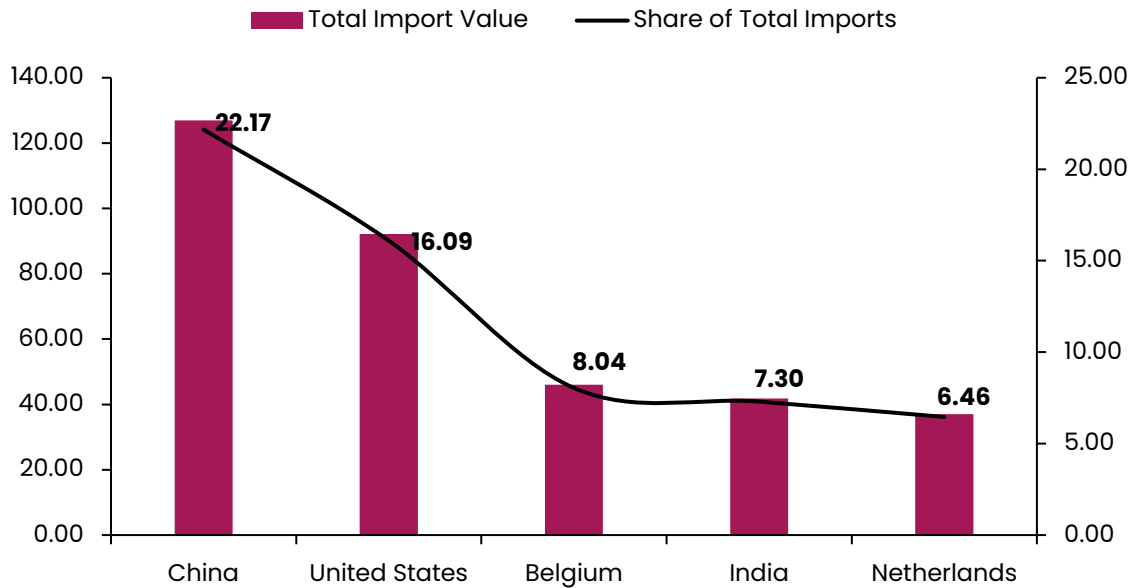


Source: NBS, ARM Research

### Imports: Sustains Steady Growth

Total Imports grew modestly by 2.99% QoQ to NGN5.73trn in Q2:2023 (vs. NGN5.56trn in Q1:2023). However, on a YoY basis, it dropped 10.37% from the NGN6.39trn recorded in Q2:2022. On a sectoral basis, the most imported products were Manufactured Goods (NGN3.02bn), Other Petroleum Oil Products (NGN1.65bn) and Raw Material Goods (NGN567.80mn). We believe that the high contribution of manufactured goods to Total Imports is on the back of poor value addition in the Nigerian economy. Consequently, we believe that enhancing the transformation of raw materials into manufactured products will help reduce the dependence on imported manufactured goods. This perspective is reinforced by our observation that the most imported products in Q2:2023 were Motor Spirit, ordinary (NGN1.23trn), Used vehicles (NGN733.92bn) and Gas Oil (NGN230.83bn) all of which fall under the category of manufactured or refined goods.

Figure 3: Top Five (5) Countries by Import



Source: NBS, ARM Research

### Q3:2023 Balance of Trade Outlook

In Q3:2023, we expect that the devaluation of the Naira following the FX liberalization policy, will spur an increase in the proceeds from Goods Exports. Notwithstanding ongoing issues such as oil theft, pipeline vandalism, and infrastructural challenges, which have begun to affect Q3:2023 oil production (1.08MMbpd in July 2023 vs. 1.25MMbpd in June 2023), we expect that higher oil prices, driven by the extended voluntary production cuts made by Russia and Saudi Arabia, will boost Crude Oil Exports value in Q3:2023. Overall, we are optimistic that Nigeria's Balance of Trade will remain in the positive territory in Q3:2023.

Disclaimer - [Click here](#)