

Coronation Economic Note

02, July 2

Trade surplus recorded in Q1 '24

The latest report from the National Bureau of Statistics (NBS) in its series on foreign trade in goods shows that the total value of trade grew by +146% y/y to N31.8trn in Q1 '24. On a q/q basis, it rose by +46%. The total export value increased by +51% q/q to N19.2trn compared with N12.6trn recorded in Q4 '23. The import value increased by +39.6% q/q to N12.6bn from N9.1trn in Q4 '23. The net result was a surplus of N6.5trn in Q1 '24 vs N3.6trn in Q4 '23. It is worth noting that the total trade as a percentage of nominal GDP stood at 54% in Q1 '24, compared with 33% in Q4 '23.

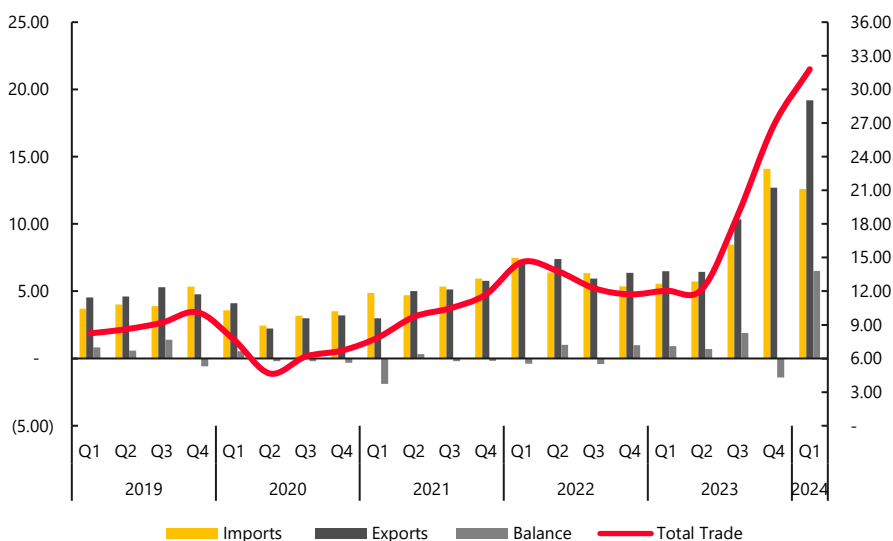
According to the NBS report, the top 5 import trading partners in Q1 '24 were China with N2.9trn (23.2%), India N1.1trn (N8.5%), USA N1.0trn (8.0%), Belgium N955.9bn (7.6%) and Netherlands N591.5bn (4.7%). These countries collectively accounted for 52% of total imports in Q1 '24. Imports from ECOWAS stood at N113bn, representing 28% of total imports within Africa.

Manufacturing goods accounted for the largest share of imports, 45.4%, followed by other oil products 35.2%, raw material 11.6%, and agriculture 7.3%. However, solid minerals registered a modest share of 0.5%, experiencing a notable growth in value of 59.2% y/y to N71.4bn in Q1 '24.

Regarding export destinations, France was Nigeria's top exporting partner in Q1 '24, with exports valued at N2.1trn (11.1%). This was followed by Spain N2trn (10.6%), the Netherlands at N1.7trn (8.8%), India at N1.6trn (8.4%), and the United States at N1.3trn (6.8%). Collectively, these five countries accounted for 45.7% of Nigeria's total exports in Q1 '24.

Crude oil accounted for 81% of total exports in Q1 '24, its export value grew by +50% q/q to N15.4trn vs 10.3trn recorded in Q4 '23. Based on separate data from the NURPC, average crude oil production (condensates inclusive) in Q1 '24 was 1.54mbpd compared with 1.53mbpd in Q4 '23.

Import, Export and Trade balance (N 'trn)

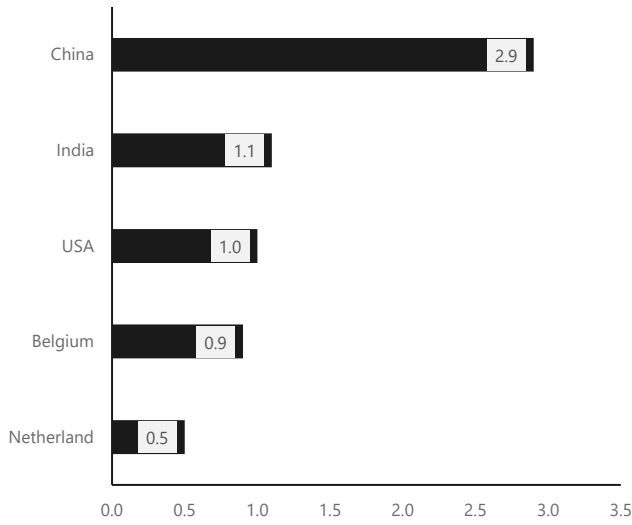


Indicators	NG		
Inflation rate (May, '24 %)	33.95		
GDP (Q1 '24, %)	2.98		
Gross Official Reserves (28, June '24, USD 'bn)	34.19		
UK Brent (02, July '24, USD)	87.21		
FGN bond yields (02, July '24 %)			
13.53%	13.98%	12.15%	12.40%
Mar-25	Feb-28	Jul-34	Mar-36
20.11	18.85	19.29	18.57
T-bill yields (02, July '24, %)			
22-	07-	23-	06-
Aug-24	Nov-24	Jan-25	Mar-25
17.60	19.73	22.74	24.50

Chinwe Egwim
 Chief Economist
 E-mail: CEgwim@Coronationmb.com

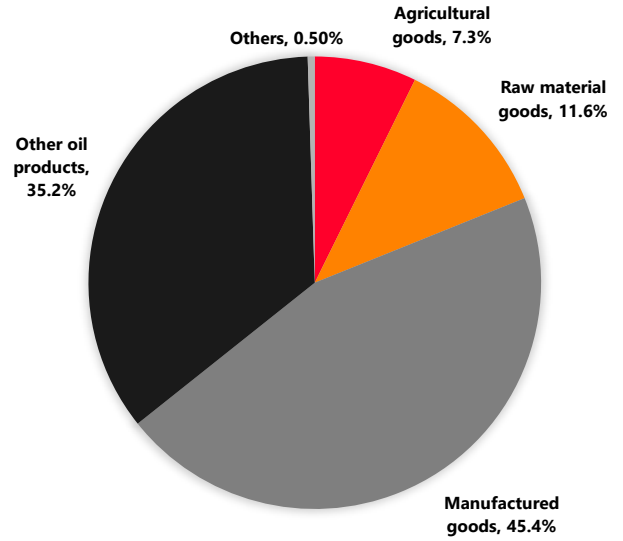
Team
 E-mail: economicresearch@coronationmb.com
 Tel: +234 (02)-01279760, (02)-012797641

Major Import trading partners N 'trn (Q1 '24)



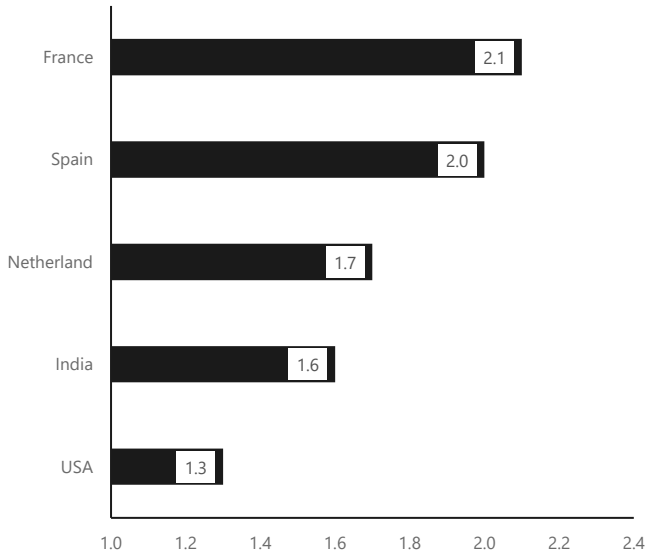
Source: NBS, Coronation Merchant Bank Research

% Share of total Imports in Q1 '24



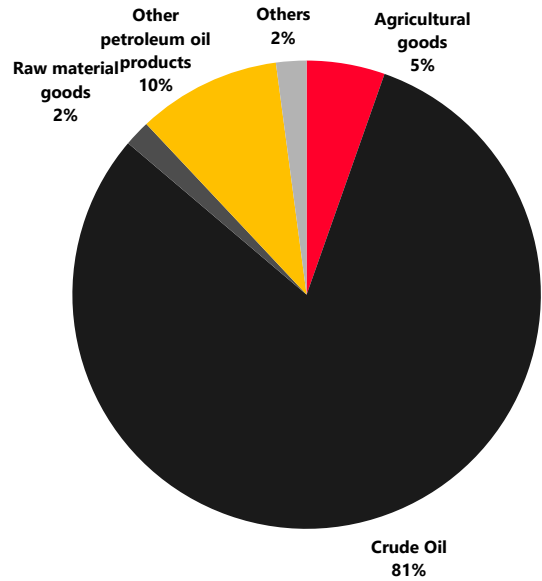
Source: NBS, Coronation Merchant Bank Research

Major Export trading partners N 'trn (Q1 '24)



Source: NBS, Coronation Merchant Bank Research

% Share of total Exports in Q1 '24



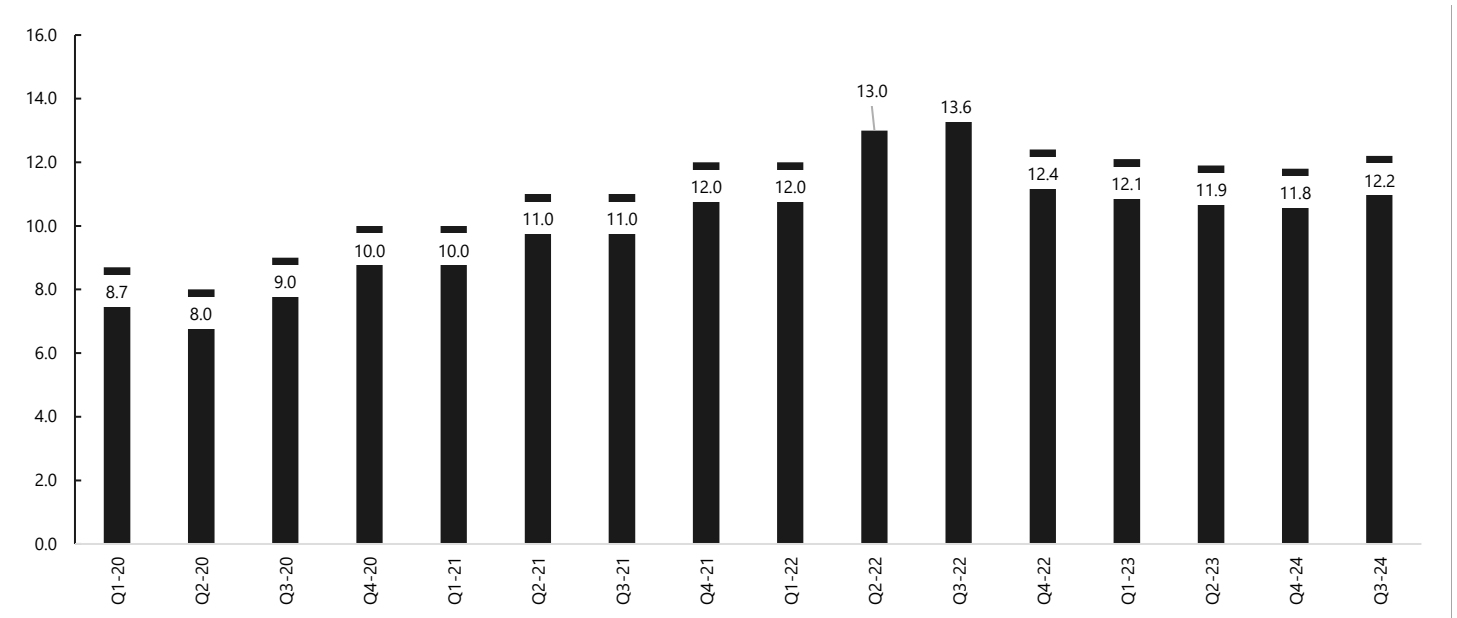
Source: NBS, Coronation Merchant Bank Research

Non-oil exports increased by +54% y/y to N3.6trn and accounted for 19.2% of total exports. Sesamum seeds, superior quality cocoa beans, standard quality cocoa beans, soybeans (excluding seeds), flours and meals of soyabeans, cashew nut in shell, natural cocoa butter, flower buds, cashew nuts shelled, other quality cocoa beans, and soybeans seeds among others featured as top agricultural export commodities in Q1 '24.

Nigeria exported goods worth N1.2trn to ECOWAS, compared with N686.7bn in Q4 '24. This represented 56% of total exports within Africa. The most adopted port for exports in Q1 '24 was the Apapa Port. Goods worth N18.1trn exited the country through this port, accounting for 94.3% of total exports. Other ports widely used include Tin can Island (N708.8bn), and Port Harcourt (N270.9bn).

According to data from the World Trade Organization (WTO), merchandise trade increased by +2.7% q/q to USD12.2trn in Q4 '23 compared with USD11.8trn recorded in the Q3 '23. Meanwhile, FY2023 total merchandise trade declined by -5.1%. This can be partly attributed to trade tension in some regions and subdued global demand. Additionally, disruptions in Panama Canal and the Red Sea have pushed up freight cost in recent months, further straining merchandise trade activity.

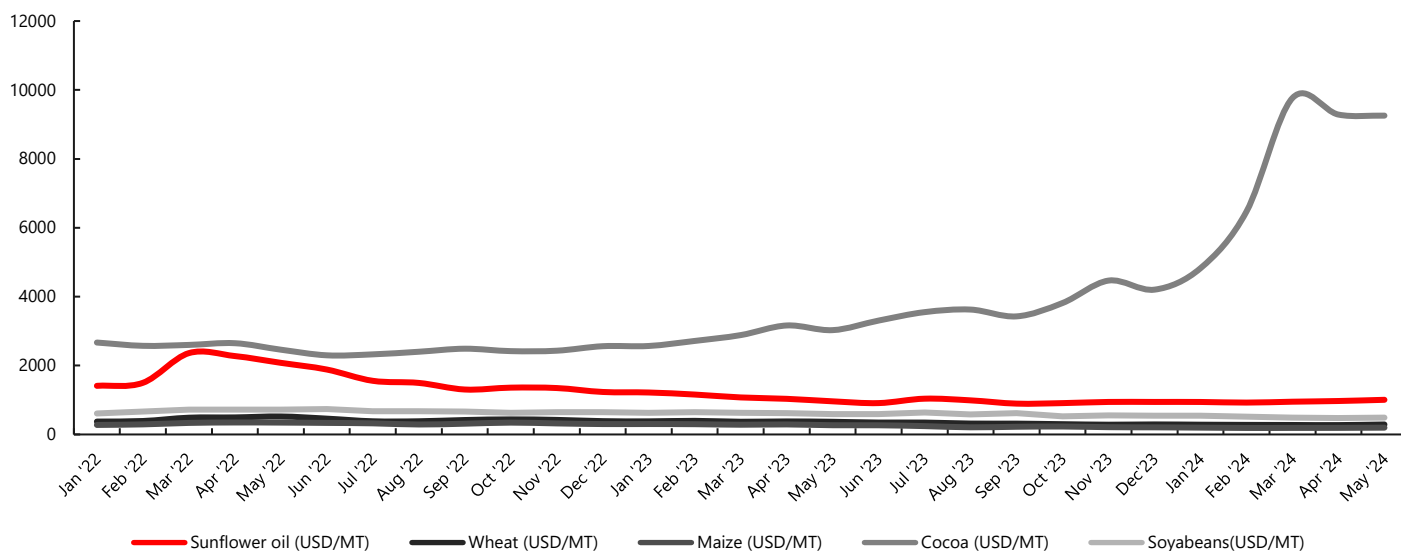
Global Merchandise Trade (USD 'trn)



Source: WTO, Coronation Merchant Bank Research

Average monthly prices for Maize, Wheat, Cocoa, Soyabeans, and Sunflower oil (USD/MT)

Source: World bank, Coronation Merchant Bank Research



As at end-May '24, the price of wheat increased by +6.3% m/m to close at USD289.4/MT. Maize prices also increased by +3.2% m/m to close at USD197.8/MT. Meanwhile, Cocoa prices moderated by -0.3% m/m to close at USD9,254.4/MT. Prices of agricultural commodities remain elevated due to global supply disruptions and adverse weather conditions in some regions. According to the United Nations Conference on Trade and Development (UNCTAD), prices of agricultural commodities are likely to remain stable or trend downward in 2024.

Turning to China, trade exports increased by +1.1% q/q to USD870.6bn in Q4 '23 compared with USD861.2bn recorded in Q3 '23. It is worth highlighting that China's PMI increased to 51.7 in May '24 from 51.4 in April '24, reflecting stable industrial output amid recovery in the property sector.

In Africa, total merchandise trade increased marginally by +0.2% q/q to USD324.1bn in Q4 '23, compared with USD323.4bn in Q3 '23. We note that the region recorded a trade deficit of -USD21.2bn in Q4 '23. It is worth highlighting that resource rich economies like South Africa recorded a trade surplus in Q4 '23. Meanwhile non- resource rich economies like Kenya and Egypt recorded trade deficits. A recent report from UNCTAD disclosed that Africa's total external position is expected to deteriorate further in 2024 on the back of declining commodity prices. Overall, we expect the country's external position to remain vulnerable to external shocks.

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PO Box 74853,
Victoria Island Lagos,
Nigeria.

