



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – February 2017

On a monthly basis, The Nigerian Stock Exchange polls trading figures from major custodians and market operators on their Foreign Portfolio Investment (FPI) flows. The table below shows an analysis of transactions on The Exchange at the end of February 2017.

Table 1: Analysis of Transactions for the Period Ended 28 February 2017¹

All figures are in ₦' Billions

Period	Total	Foreign	Foreign %	Domestic	Domestic %	Foreign Inflow	Foreign outflow	Domestic Retail	Domestic Institutional
Jan 2017	95.32	44.01	46.17%	51.31	53.83%	22.61	21.40	20.12	31.19
Feb 2017	74.11	34.54	46.61%	39.57	53.39%	16.10	18.44	15.22	24.35
2017 YTD ²	169.43	78.55	46.36%	90.88	53.64%	38.71	39.84	35.34	55.54
2016 YTD ³	201.37	86.15	42.78%	115.22	57.22%	27.95	58.20	55.12	60.10

Note the decrease in total transactions in February compared to January 2017.

Analysis

Domestic vs. Foreign 2017

Total transactions at the nation's bourse decreased by 22.25% from ₦95.32 billion recorded in January 2017 to ₦74.11 billion (about \$0.24 billion)⁴ in February 2017. Also, the cumulative transactions from January to February decreased by 15.86% from ₦201.37 billion recorded in 2016 to ₦169.43 billion in 2017.

In February 2017, domestic investors outperformed foreign investors by 6.78%. Domestic transactions decreased by 22.88% from ₦51.31 billion recorded in January 2017 to ₦39.57 billion in February 2017 whilst foreign transactions also decreased by 21.52% from ₦44.01 billion to ₦34.54 billion within the same period.

There was a 28.79% decrease in foreign inflows from ₦22.61 billion in January 2017 to ₦16.10 billion in February 2017. Foreign outflows also decreased by 13.83% from ₦21.40 billion in January 2017 to ₦18.44 billion in February 2017.

¹ Methodology - The FPI outflow includes sales transactions or liquidation of portfolio investments through the stock market, whilst the FPI inflow includes purchase transactions on the Nigerian Stock Exchange (Equities only).

² 2017 YTD represents January to February 2017 transactions.

³ 2016 YTD represents January to February 2016 transactions.

⁴ The Exchange rate as at 28 February 2017 was ₦305.

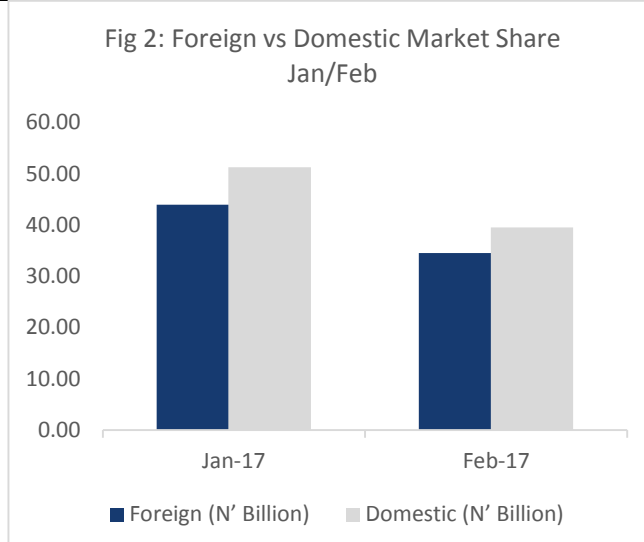
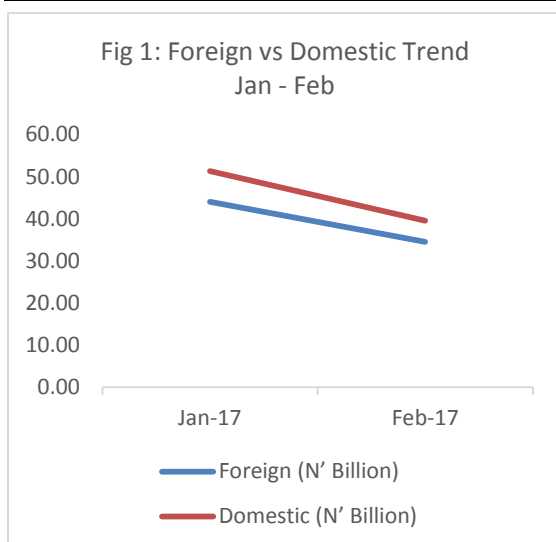


Fig 3: Retail vs. Institutional February 2017⁵

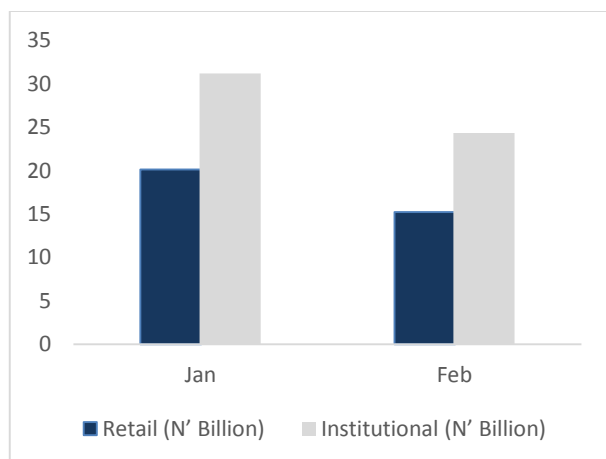
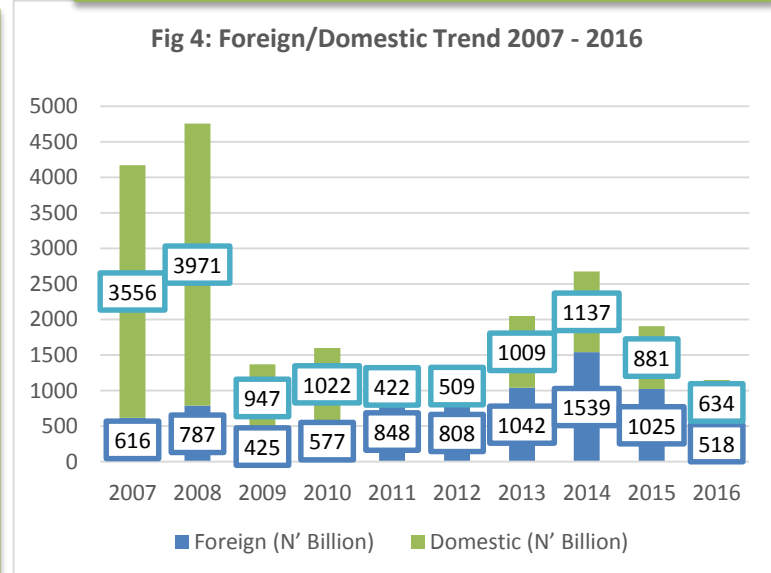


Fig 3 highlights the domestic composition of transactions on The Exchange between January and February 2017. The institutional composition of the domestic market decreased by 21.93% from ₦31.19 billion recorded in January to ₦24.35 billion in February 2017. The retail composition also decreased by 24.35% from ₦20.12 billion to ₦15.22 billion within the same period. This indicates more active participation by institutional investors over their retail counterparts in the period under review.

Fig 4 reflects that since 2011, foreign transactions have consistently outperformed domestic transactions. However, domestic transactions slightly outperformed foreign transactions in 2016, accounting for 55% of the total transaction volume in 2016.

Also, foreign transactions have further declined by 66.34% from ₦1,539b in 2014 to ₦518b in 2016, representing circa 45% of total transactions in 2016.

Over the nine (9) year period, domestic transactions have significantly decreased by 85.43% from ₦3,556b in 2007 to ₦634b in 2016.



⁵ Information on the retail and institutional components of total domestic transactions in February is based on data obtained from about 99% of Active Dealing Members of The Exchange.