



## DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – June, 2014

On a monthly basis, The Nigerian Stock Exchange polls trading figures from major custodians and market operators on their foreign portfolio investments (FPI). The table below shows an analysis of transactions on The Exchange at the end of June 2014.

**Table 1: Analysis of Transactions for the Period Ended 30 June 2014<sup>1</sup>**

Period	Total Transactions N' Billion	Total Foreign Inflow N' Billion	Total Foreign outflow N' Billion	Total Foreign transactions N' Billion	Total Domestic transactions N' Billion	Foreign %	Domestic %
Jan 2014	181.97	39.53	50.14	89.67	92.30	49.28%	50.72%
Feb 2014	198.70	32.75	103.53	136.28	62.42	68.59%	31.41%
Mar 2014	166.84	55.13	75.42	130.55	36.29	78.25%	21.75%
Apr 2014	184.43	65.06	73.73	138.79	45.64	75.25%	24.75%
May 2014	201.61	41.27	50.59	91.86	109.75	45.56%	54.44%
June 2014	225.51	68.78	49.22	118.00	107.51	52.32%	47.68%
June 2013 <sup>2</sup>	293.83	90.15	60.09	150.24	143.59	51.13%	48.87%
2014 YTD	1,159.06	302.52	402.63	705.15	453.91	60.84%	39.16%

Note the shift in FPI transactions i.e. inflows outperformed outflows for the first time in the period under review.

### Analysis

#### Domestic vs. Foreign 2014

Total equity transactions at the nation's bourse increased to N225.51 billion (about \$1.45 billion) at the end of the first half of the year representing an increase of 23.93% from the beginning of the year.

Foreign Portfolio Investments (FPI) increased by 31.59% from N89.67 billion in January to N118.00 billion in June 2014. Domestic Investors ceded about 4.64% of trading to Foreign Portfolio Investors as domestic transactions decreased from 50.72% to 48.87% over the same period.

Foreign portfolio investors' inflows accounted for 30.49% of total transactions while the outflows accounted for 21.83% of the total transactions.

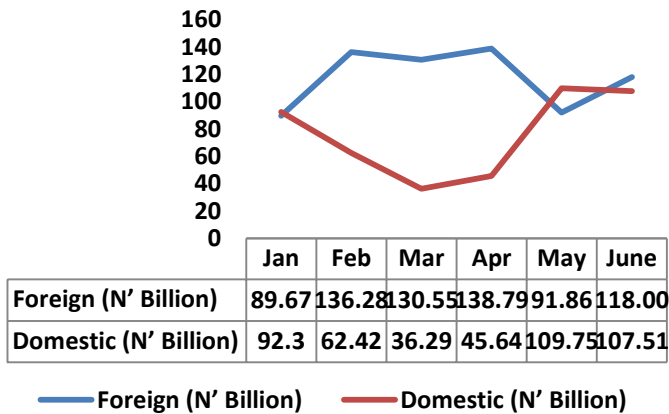
In comparison to the same period in 2013, there was a decrease in total FPI by 27.32%, whilst the total domestic transactions reduced by 36.08%. Overall, there was a 23.24% decrease in total transactions in comparison to the same period in 2013.

<sup>1</sup> 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).

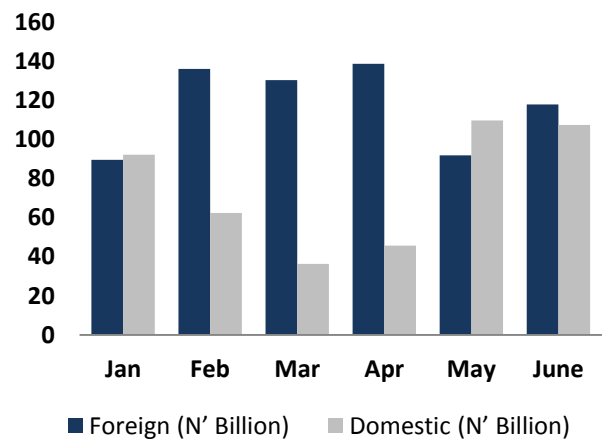
<sup>2</sup> The January to May 2014 and June 2013 transactions are included for comparison to the June 2014 transactions.



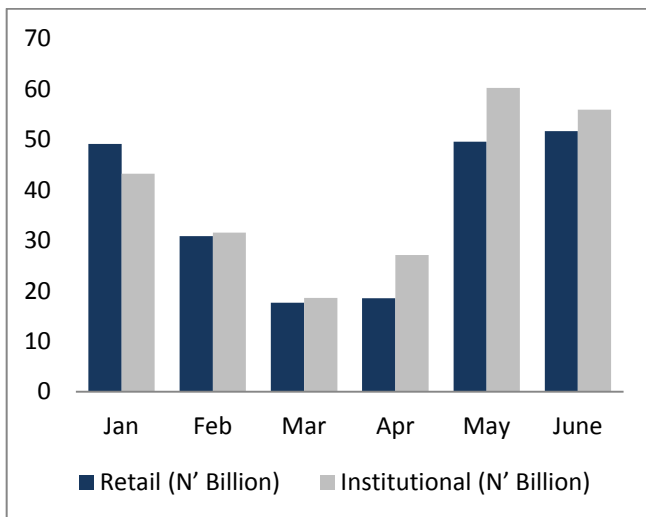
**Fig 1: Foreign vs Domestic Trend**  
January - June, 2014



**Fig 2: Foreign vs Domestic Market Share Jan - June 2014**



**Fig 3 Retail vs. Institutional June 2014<sup>3</sup>**



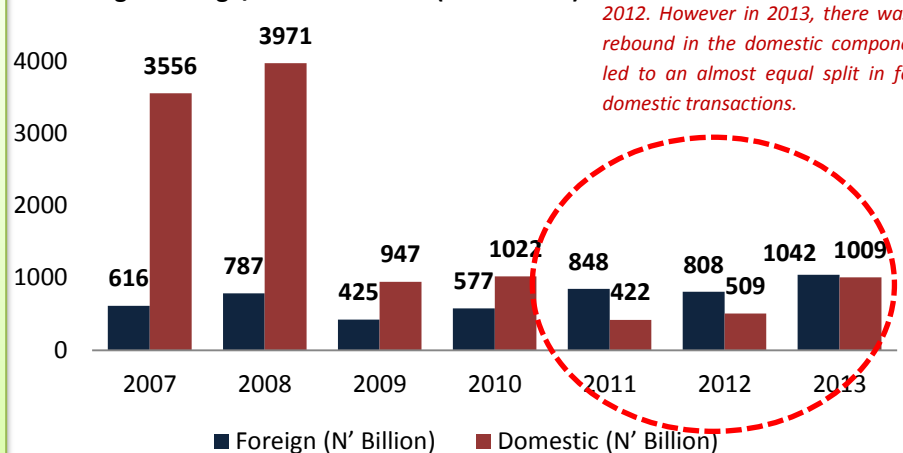
The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and June, 2014. It illustrates that total domestic transactions increased by 16.48% from January to June 2014. The institutional composition of the domestic market which was about 46.80% at the end of January increased to 51.97% at the end of June whilst the retail composition decreased from 53.20% to 48.03% in the same period.

**Historical Trends – Foreign vs. Domestic**

Total FPI transactions of N616bn which accounted for 14.8% of total transactions in 2007 consistently increased over the years to N1,042bn representing 50.8% of the total in 2013 (An increase of 36% over the 6 year period).

Domestic transactions on the other hand started at N3,556bn representing 85.2% in 2007 but reduced significantly to N1,009bn representing 49.2% of total transactions in 2013 (A sharp decline of 36% in the 6 year period).

**Fig 4: Foreign/Domestic Trend (2007 - 2013)**



Note the significant shift in FPI which outperformed domestic between 2011 and 2012. However in 2013, there was a major rebound in the domestic component which led to an almost equal split in foreign vs. domestic transactions.

<sup>3</sup> Information on the retail and institutional components of the total domestic transactions in June is based on data obtained from about 97% of Active Dealing Members of The Exchange.