

DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING

July 2018

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 as at the end of July 2018.

Table 1: Analysis of Transactions for the Period Ended 31 July 2018¹

All figures are in ₦' Billions

Period	Total	Foreign	Foreign %	Domestic	Domestic %	Foreign Inflow	Foreign outflow	Domestic Retail	Domestic Institutional
Jan 2018	394.44	166.39	42.18%	228.05	57.82%	91.75	74.64	106.49	121.56
Feb 2018	212.05	83.22	39.25%	128.83	60.75%	44.89	38.33	52.75	76.08
Mar 2018	272.48	132.21	48.52%	140.27	51.48%	69.71	62.50	49.00	91.27
Apr 2018	212.23	122.53	57.74%	89.70	42.26%	64.28	58.25	43.19	46.51
May 2018	318.27	192.95	60.62%	125.32	39.38%	62.06	130.89	33.29	92.03
June 2018	187.78	102.41	54.54%	85.38	45.46%	47.96	54.45	29.12	56.24
July 2018	146.07	36.17	24.76%	109.9	75.24%	19.83	16.34	65.42	44.48
2018 YTD ²	1743.33	835.89	47.95%	907.44	52.05%	400.48	435.41	379.26	528.18
2017 YTD ³	1129.41	490.73	43.45%	638.68	56.55%	254.41	236.32	231.93	406.75

Note the reduction in foreign transactions by 64.68% between June and July 2018.

Analysis

Domestic vs. Foreign 2018

Total transactions at the nation's bourse reduced by 22.21% from ₦187.78 billion recorded in June 2018 to ₦146.07 billion (about \$478.3 million)⁴ in July 2018⁵. The cumulative transactions from January to July increased by 54.38% from ₦1.129 trillion recorded in 2017 to ₦1.743 trillion in 2018.

Domestic investors outperformed foreign investors by 50.48% in July 2018. Total domestic transactions increased by 28.72% from ₦85.38 billion in June to ₦109.9 billion in July 2018. The domestic transactions were largely driven by the 55.48% increase in the retail domestic participation which recorded ₦29.12 billion in June 2018 and ₦65.42 billion in July 2018.

There was a significant decrease of 64.68% in total foreign transactions from ₦102.41 billion in June 2018 to ₦36.17 billion in July 2018. Foreign outflows reduced by 69.99% from ₦54.45 billion to ₦16.34 billion whilst foreign inflows also reduced by 58.65% from ₦47.96 billion to ₦19.83 billion over the same period.

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 2018 YTD represents January to July 2018 Year to Date transactions.

³ 2017 YTD represents January to July 2017 Year to Date transactions.

⁴ The Exchange rate (in dollars) as at 31 July 2018 was ₦305.35.

⁵ Information on the retail and institutional components of total domestic transactions in July 2018 is based on data obtained from the monthly report of about 98% of the Active Dealing Members of The Exchange.

Fig 1: Foreign vs Domestic Trend Jan - July

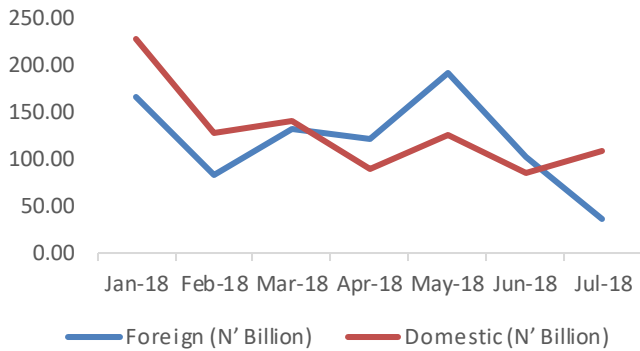


Fig 2: Foreign vs Domestic Market Share Jan - July

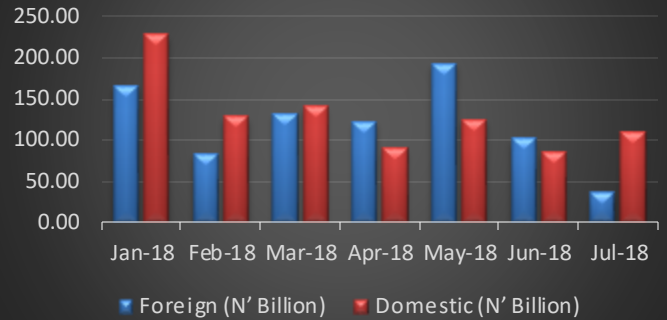


Fig 3: Retail vs. Institutional Jan - July

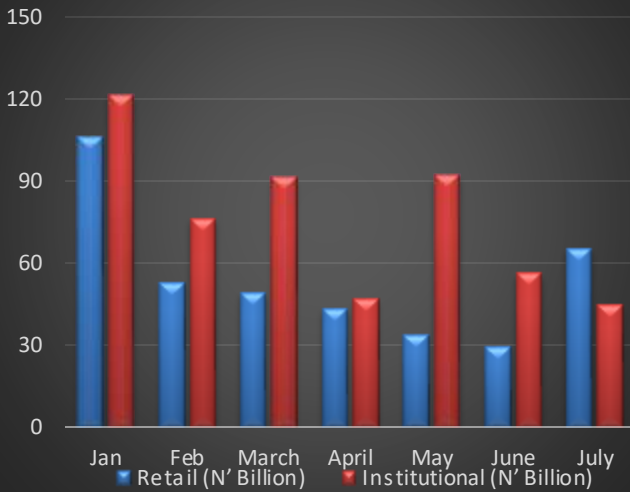


Fig 3. highlights the domestic composition of transactions on The Exchange between January and July 2018.

The institutional composition of the domestic market reduced by 20.91% from ₦56.24 billion in June to ₦44.48 billion in July 2018 whilst the retail composition increased by 124.66% from ₦29.12 billion to ₦65.42 billion within the same period.

This indicates a significantly higher participation by retail investors over their Institutional counterparts in July 2018.

Fig 4. highlights that between 2011 and 2015, foreign transactions consistently outperformed domestic transactions. However, domestic transactions marginally outperformed foreign transactions in 2016 and 2017, accounting for 52% of the total transaction value in 2017.

Also, foreign transactions which was ₦1.539t in 2014 declined to ₦518b in 2016, but increased significantly by 133% to ₦1.208t in 2017 thereby accounting for about 48% of total transactions in 2017.

Over an eleven (11) year period, domestic transactions have decreased by 62.46% from ₦3.556t in 2007 to ₦1.335t in 2017. However, there was a significant increase in 2017 by 111% from ₦634 billion recorded in 2016.

Fig 4: Foreign/Domestic Trend 2007 - 2017

