



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

**Table 1: Analysis of Transactions for the Period Ended 31 December 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%
July 2014	224.19	32.68	23.74	56.42	167.77	25.17%	74.83%
Aug 2014	135.58	53.86	56.54	110.40	25.18	81.43%	18.57%
Sep 2014	522.74	134.14	92.54	226.68	296.06	43.36%	56.64%
Oct 2014	175.10	52.06	101.22	153.28	21.82	87.54%	12.46%
Nov 2014	200.80	45.99	116.50	162.49	38.31	80.92%	19.08%
Dec 2014	258.08	71.14	53.36	124.50	133.58	48.24%	51.76%
Dec 2013 <sup>2</sup>	142.24	32.40	37.17	69.57	72.67	48.91%	51.09%
<b>2014 YTD</b>	<b>2,675.55</b>	<b>692.39</b>	<b>846.53</b>	<b>1,538.92</b>	<b>1,136.63</b>	<b>57.52%</b>	<b>42.48%</b>
<b>2013 YTD</b>	<b>2,051.20</b>	<b>531.26</b>	<b>510.78</b>	<b>1,042.04</b>	1,009.16	<b>50.80%</b>	<b>49.20%</b>

Note that in 2013, foreign inflows exceeded outflows by about 4%. In 2014, foreign outflows exceeded inflows by 22%.

However, in December 2014, there were more foreign inflows than outflows. Also the outflows in December were significantly smaller than the outflows in the previous months.

### Analysis

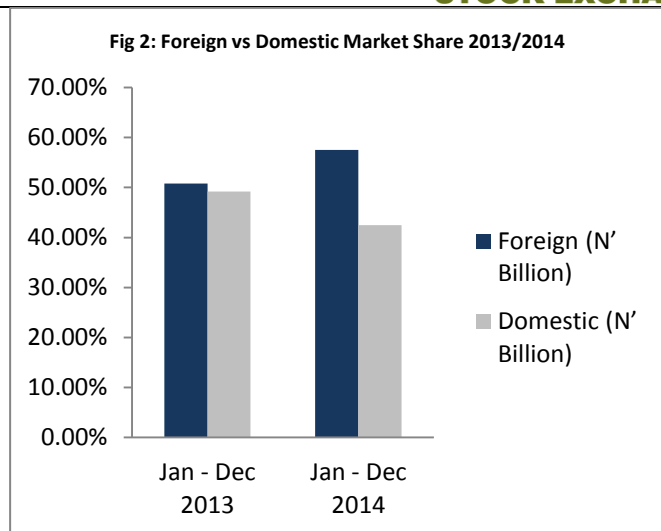
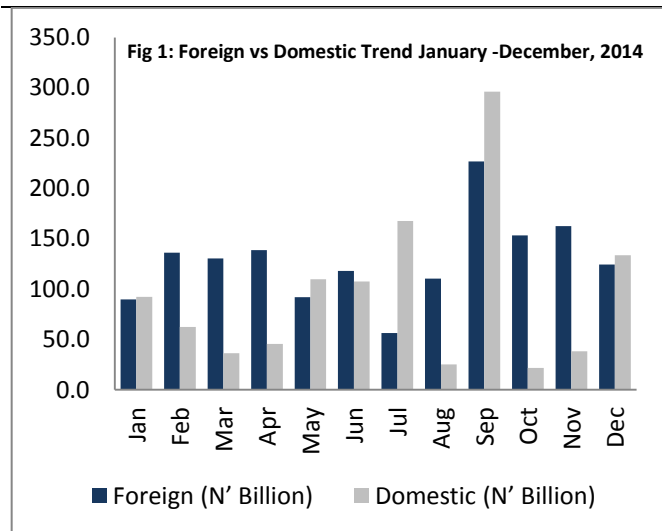
#### Domestic vs. Foreign 2014

Total transactions at the nation's bourse increased by 41.83% from N181.97 billion recorded in January to N258.08 billion (about \$1.54 billion) in December 2014. This represents an increase of 28.53% from N200.8 billion recorded in November.

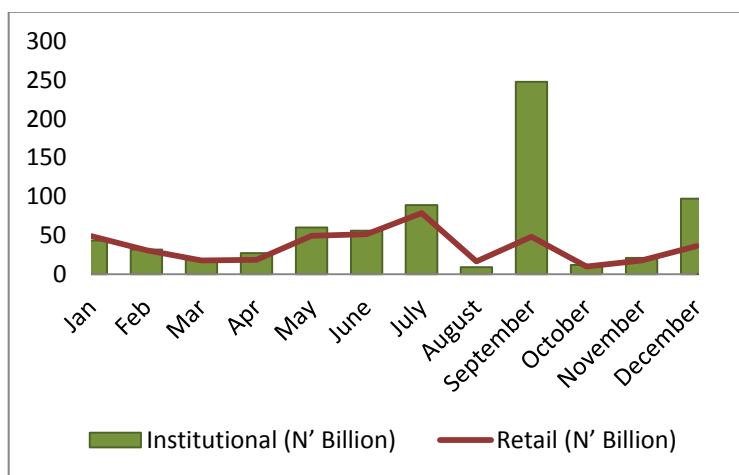
Total foreign transactions increased by 47.68% from N1,042.04 billion recorded at the end of 2013 to N1,538.92 billion at the end of 2014 while total domestic transactions increased by 12.63% from N1,009.16 billion recorded at the end of 2013 to N1,136.63 billion recorded at the end of 2014. Domestic transactions rebounded in December

<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 November 2014 and December 2013 transactions are included for comparison to the December 2014 transactions.

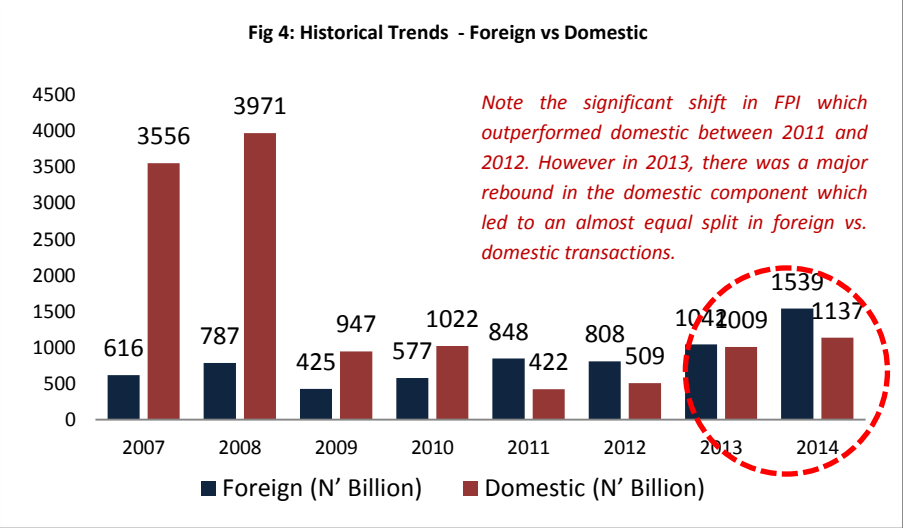


**Fig 3: Retail vs. Institutional Jan - Dec 2014<sup>3</sup>**



The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and December, 2014. It illustrates that total domestic transactions increased by 44.72% from January to December 2014. The institutional composition of the domestic market which was about 46.80% at the end of January increased to 72.99% at the end of December, whilst the retail composition decreased from 53.20% to 27.01% in the same period.

Total FPI transactions of N616bn which accounted for 14.8% of total transactions in 2007 increased over the years to N1,539bn representing 57.5% of the total in 2014 (An increase of 42.7% over the 7 year period). Domestic transactions on the other hand started at N3,556bn representing 85.2% in 2007, but decreased significantly to N1,137bn representing 42.5% of total transactions in 2014 (A sharp decline of 42.7% in the 7 year period).



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