



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – January 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 January 2017.

Table 1: Analysis of Transactions for the Period Ended 31 January 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 |
| Jan 2016 ² | 84.10 | 43.37 | 51.57% | 40.73 | 48.43% | 17.01 | 26.36 | 18.88 | 21.85 |
| Dec 2016 | 95.88 | 44.02 | 45.91% | 51.86 | 54.09% | 19.49 | 24.53 | 16.21 | 35.65 |

Note the slight increase in total transactions in January 2017 compared to January 2016.

Analysis

Domestic vs. Foreign 2017

Total transactions at the nation's bourse decreased by 0.58% from ₦95.88 billion recorded in December 2016 to ₦95.32 billion (about \$0.31 billion)³ in January 2017. In comparison to the same period in 2016, total transactions increased by 13.34% from the ₦84.10 recorded in January 2016.

Foreign investors conceded about 7.65% of trading to domestic investors. Total foreign transactions decreased by 0.02% from ₦44.02 billion recorded in December 2016 to ₦44.01 billion in January 2017. Domestic transactions also decreased by 1.06% from ₦51.86 billion to ₦51.31 billion within the same period.

Monthly foreign inflows outpaced outflows. There was a 16.01% increase in foreign inflows from ₦19.49 billion in December 2016 to ₦22.61 billion in January 2017. Foreign outflows decreased by 12.76% from ₦24.53 billion in December 2016 to ₦21.40 billion in January 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 The January 2016 and December 2016 transactions are included for comparison to the January 2017 transactions.

³ The Exchange rate as at 31 January 2017 was N304.75.

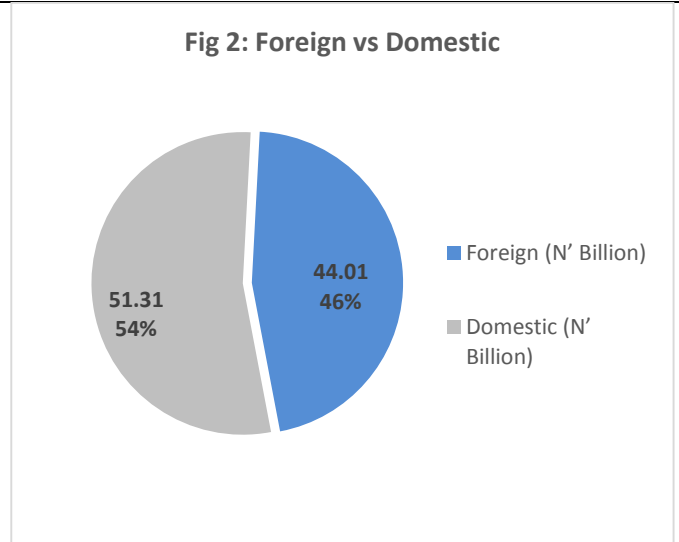
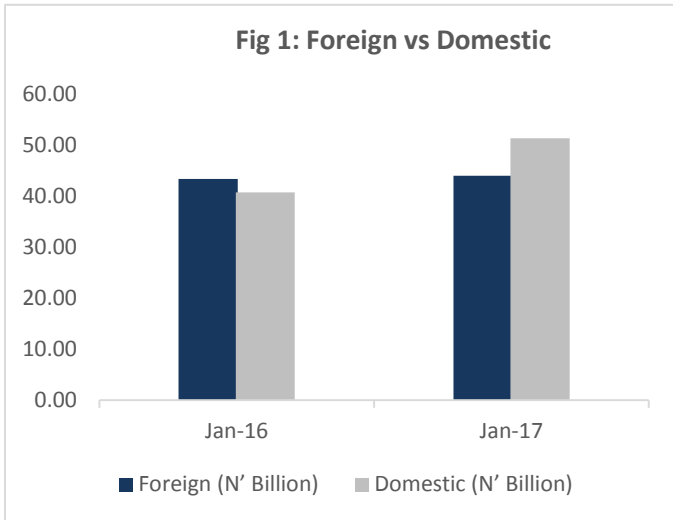


Fig 3: Retail vs. Institutional January 2017⁴

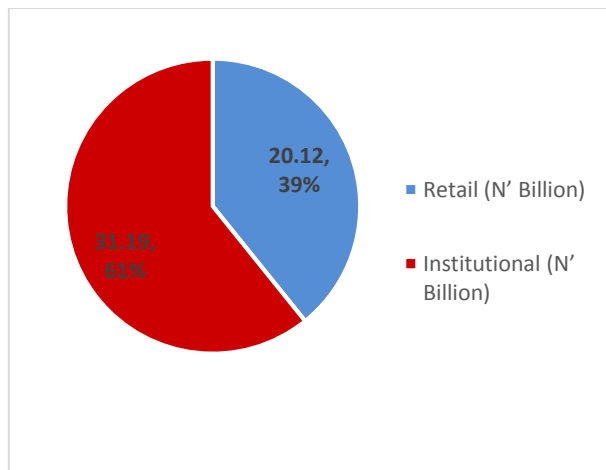
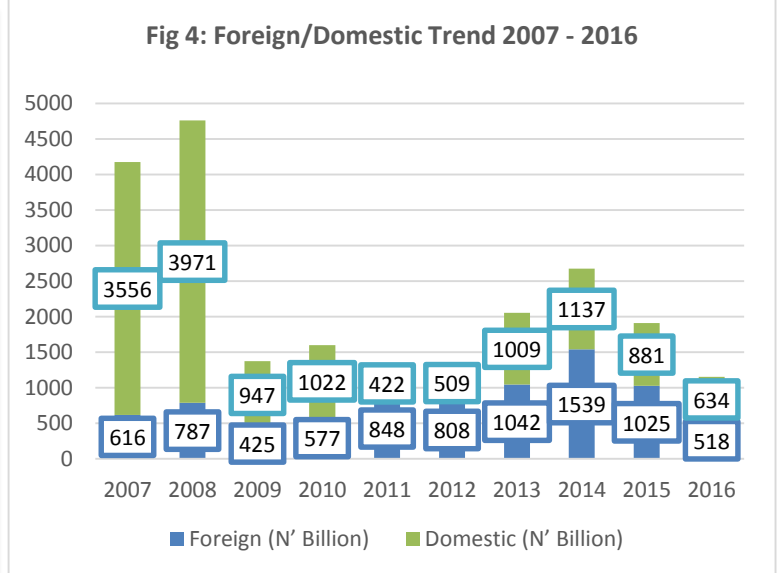


Fig 3 highlights the domestic composition of transactions on The Exchange in January 2017. The institutional composition of the domestic market accounted for 61% whilst the retail composition accounted for 39% in the same period. This indicates more active participation by institutional investors over 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.



⁴ Information on the retail and institutional components of total domestic transactions in January is based on data obtained from circa 96% of Active Dealing Members of The Exchange.