



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – July, 2015

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 July 2015.

Table 1: Analysis of Transactions for the Period Ended 31 July 2015¹

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 2015	189.72	48.03	51.08	99.11	90.61	52.24%	47.76%
Feb 2015	184.49	52.35	81.60	133.95	50.54	72.61%	27.39%
Mar 2015	184.02	50.15	52.41	102.56	81.46	55.73%	44.27%
Apr 2015	206.86	54.20	49.75	103.95	102.91	50.25%	49.75%
May 2015	145.45	38.00	41.77	79.77	65.68	54.84%	45.16%
June 2015	203.45	42.67	26.98	69.65	133.80	34.24%	65.76%
July 2015	170.83	48.64	58.83	107.47	63.36	62.91%	37.09%
July 2014 ²	224.19	32.68	23.74	56.42	167.77	25.17%	74.83%
2015 ytd	1,284.82	334.04	362.42	696.46	588.36	54.21%	45.79%

Analysis

Note the significant increase in FPI transactions from 34.24% in June to 62.91% in July. On the contrary, Domestic transactions decreased from 65.76% to 37.09% in the same period.

Domestic vs. Foreign 2015

Monthly FPI transactions at the nation's bourse which was N69.65 billion at the end of June 2015 increased to N107.47 billion (about \$0.55 billion) at the end of July 2015, up 54.30% from June 2015. Domestic investors conceded about 25.82% of trading to foreign investors as Domestic transactions decreased from 65.76% to 37.09% while FPI transactions increased from 34.24% to 62.91% over the same period.

Foreign portfolio investors' inflows accounted for 28.47% of total transactions while the outflows accounted for 34.44% of the total transactions in July 2015.

In comparison to the same period in 2014, total FPI transactions increased by 90.48%, whilst the total domestic transactions decreased by 62.23%. FPI outflows outpaced inflows which was not consistent with the same period in 2014. Overall, there was a 23.80% decrease in total transactions in comparison to the same period in 2014.

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 June 2015 and July 2014 transactions are included for comparison to the July 2015 transactions.



Fig 1: Foreign vs Domestic Trend
January - July, 2015

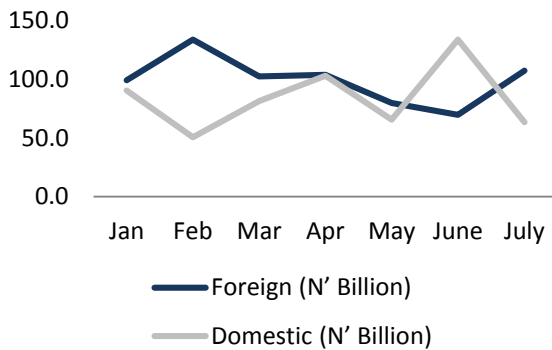


Fig 2: Foreign vs Domestic Market Share Jan/Jul

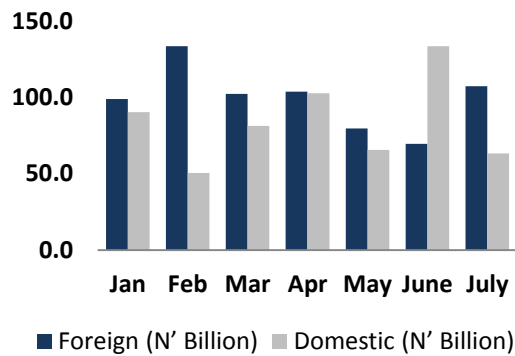
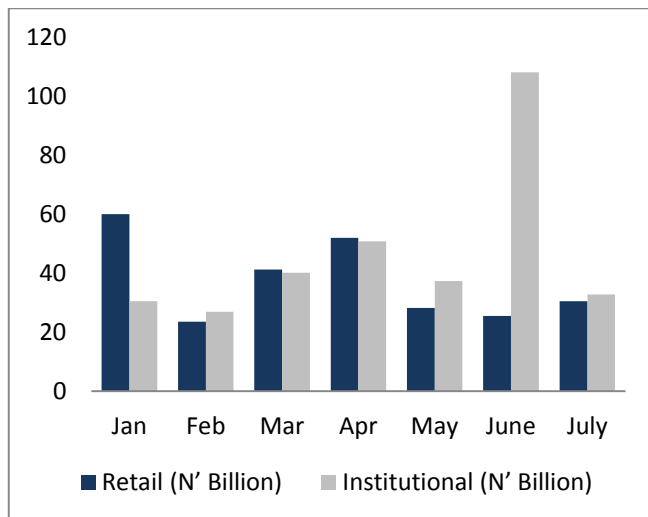


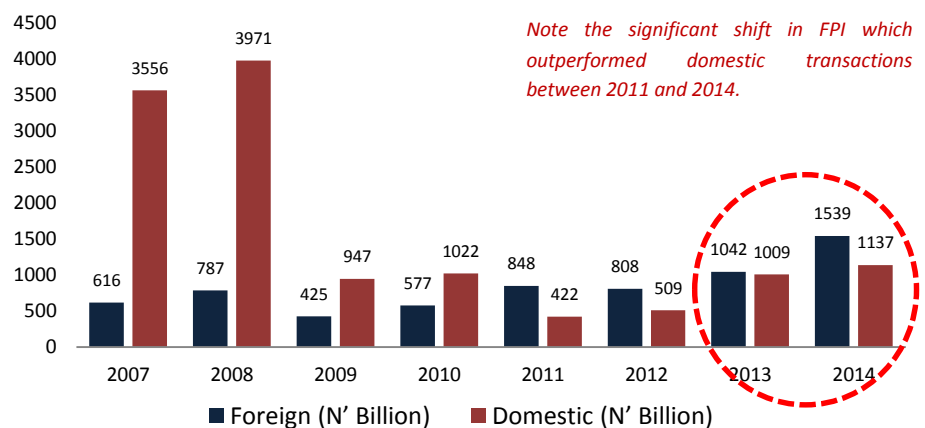
Fig 3: Retail vs. Institutional July 2015³



The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and July, 2015. It illustrates that total domestic transactions decreased by 30.07% from January to July 2015. The institutional composition of the domestic market which was about 33.69% at the end of January increased to 51.78% at the end of July, whilst the retail composition decreased from 66.31% to 48.22% 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 total transactions 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

Fig 4: Historical Trends - Foreign vs Domestic



Note the significant shift in FPI which outperformed domestic transactions between 2011 and 2014.

³ Information on the retail and institutional components of the total domestic transactions in June is based on data obtained from about 96% of Active Dealing Members of The Exchange.