



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – *September, 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 September 2014.

Table 1: Analysis of Transactions for the Period Ended 30 September 2014¹

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%
Sep 2013 ²	108.19	26.14	27.88	54.02	54.17	49.93%	50.07%
2014 YTD	2,041.57	523.20	575.45	1,098.65	942.92	53.81%	46.19%

Note the significant increase in total transactions to N522.74b in September.

Analysis

Domestic vs. Foreign 2014

Total equity transactions at the nation's bourse increased to N522.74 billion (about \$3.37 billion) in September representing an increase of 187.27% from the beginning of the year.

Foreign Portfolio Investments (FPI) increased by 152.79% from N89.67 billion in January to N226.68 billion in September 2014 while Domestic participation increased by 220.76% from N92.30 billion in January to N296.06 billion in September 2014. Foreign Investors ceded about 13.28% of trading to Domestic Investors as Foreign Portfolio transactions decreased from 49.28 to 43.36% over the same period.

Foreign portfolio investors' inflows accounted for 25.66% of total transactions while the outflows accounted for 17.70% of the total transactions.

In comparison to the same period in 2013, there was an increase in total FPI by 319.62%, whilst the total domestic transactions also increased by 446.54%. Overall, there was a 383.17% increase in total transactions in comparison to the same period in 2013.

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 to August 2014 and September 2013 transactions are included for comparison to the September 2014 transactions.



Fig 1: Foreign vs Domestic Trend January - Sept, 2014

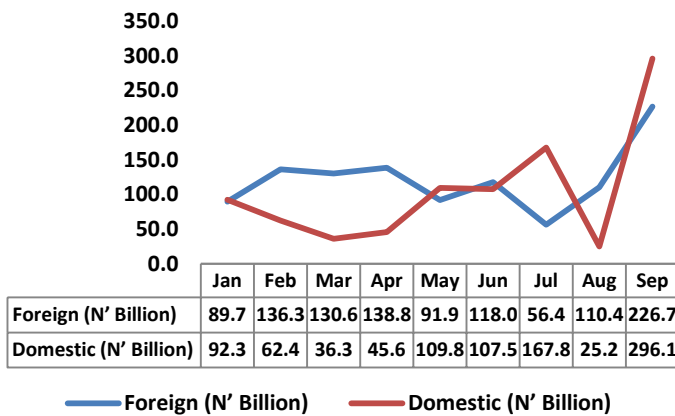


Fig 2: Foreign vs Domestic Market Share Jan - Sept 2014

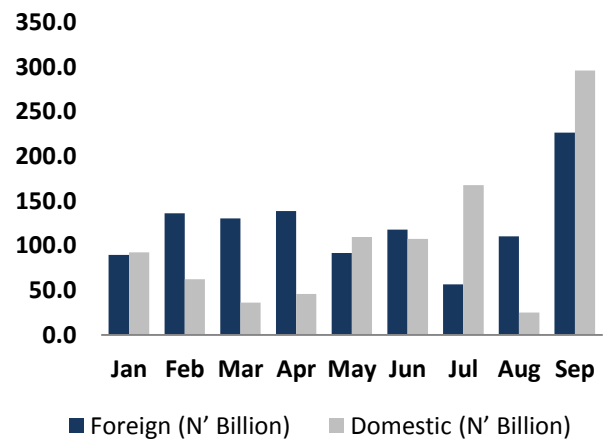
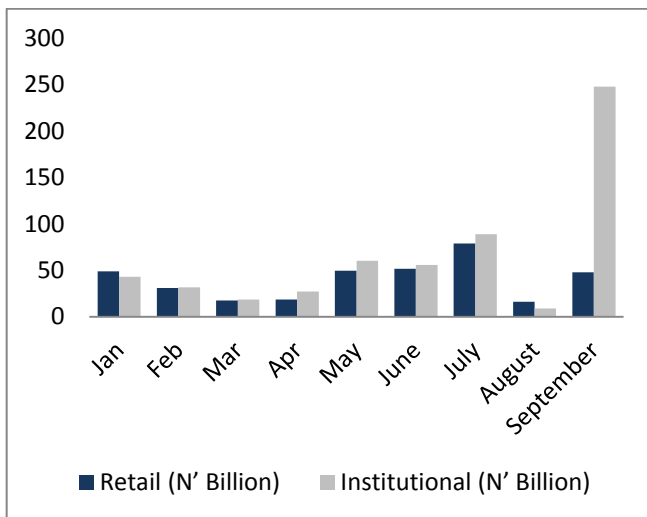


Fig 3 Retail vs. Institutional Jan - Sep 2014³



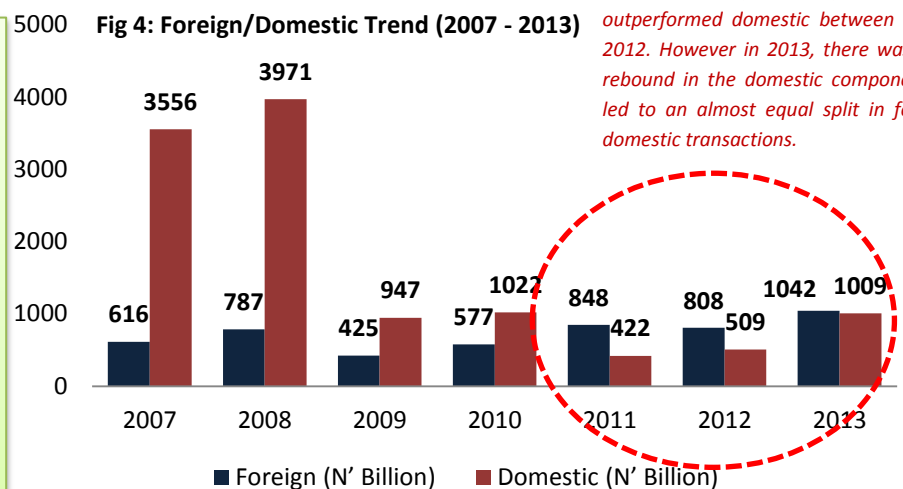
The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and September, 2014. It illustrates that total domestic transactions increased by **220.76%** from January to September 2014. The institutional composition of the domestic market which was about 46.80% at the end of January increased to 83.76% at the end of September, whilst the retail composition decreased from 53.20% to 16.24% 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 decreased 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.

³ Information on the retail and institutional components of the total domestic transactions in September is based on data obtained from about 93% of Active Dealing Members of The Exchange.