



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – January 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 January 2018.

Table 1: Analysis of Transactions for the Period Ended 31 January 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
Jan 2017 ²	95.32	44.01	46.17%	51.31	53.83%	22.61	21.40	20.12	31.19
Dec 2017	480.80	206.48	42.95%	274.32	57.05%	173.43	33.05	32.92	241.40

Note the increase in total transactions in January 2018 compared to January 2017.

Analysis

Domestic vs. Foreign 2018

Total transactions at the nation's bourse decreased by 17.96% from ₦480.80 billion recorded in December 2017 to ₦394.44 billion (about \$1.29 billion)³ in January 2018. However, in comparison to the same period in 2017, total transactions increased significantly by 313.81% from ₦95.32 billion recorded in 2017.

Foreign investors conceded about 15.64% of trading to domestic investors. Total foreign transactions decreased by 19.42% from ₦206.48 billion recorded in December 2017 to ₦166.39 billion in January 2018. Domestic transactions also decreased by 16.87% from ₦274.32 billion to ₦228.05 billion within the same period.

Foreign inflows decreased by 47.10% from ₦173.43 billion in December 2017 to ₦91.75 billion in January 2018 while foreign outflows increased by 125.84% from ₦33.05 billion to ₦74.64 billion within 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 The January 2017 and December 2017 transactions are included for comparison to the January 2018 transactions.

³ The Exchange rate as at 31 January 2018 was ₦305.20.

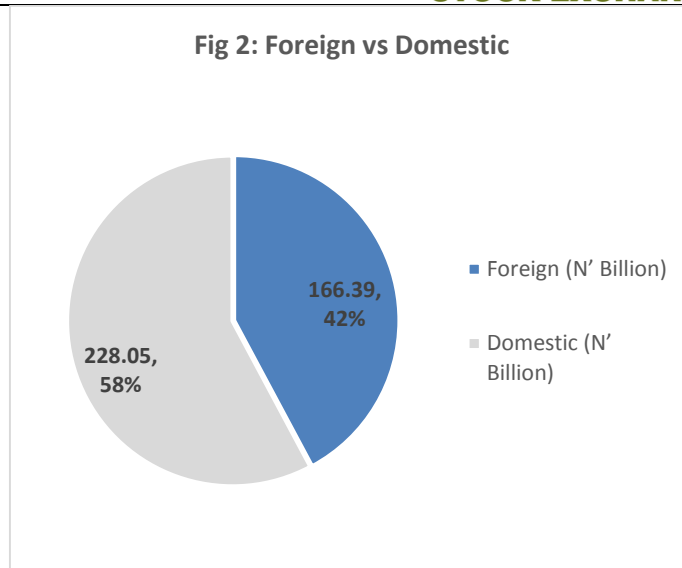
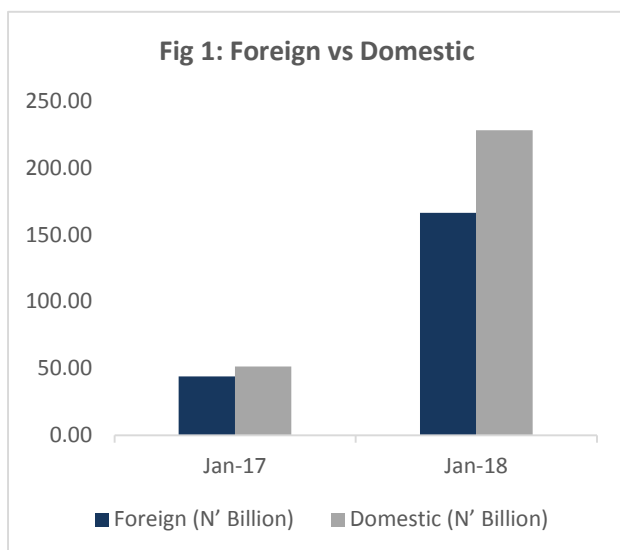


Fig 3: Retail vs. Institutional January 2018⁴

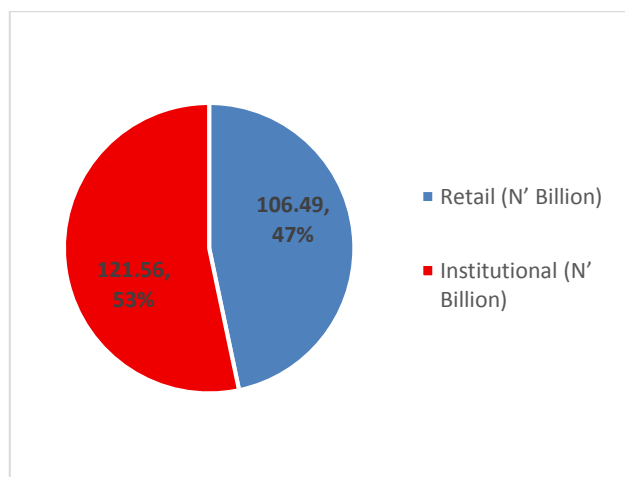


Fig 3 highlights the domestic composition of transactions on The Exchange in January 2018.

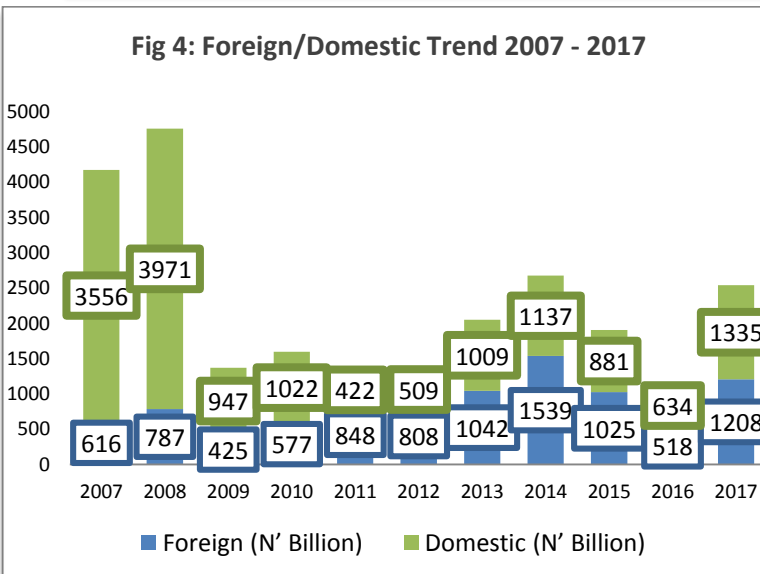
The institutional composition of the domestic market accounted for 53% while retail composition accounted for 47% within the same period.

This indicates a higher participation by Institutional investors over their retail counterparts.

Fig 4 highlights that since 2011, foreign transactions have 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.



⁴ Information on the retail and institutional components of total domestic transactions in January 2018 is based on data obtained from about 98% of Active Dealing Members of The Exchange.