DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING

July 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 July 2018.

Table 1: Analysis of Transactions for the Period Ended 31 July 2018

All figures are in N’ Billions

<table>
<thead>
<tr>
<th>Period</th>
<th>Total</th>
<th>Foreign</th>
<th>Foreign %</th>
<th>Domestic</th>
<th>Domestic %</th>
<th>Foreign Inflow</th>
<th>Foreign outflow</th>
<th>Domestic Retail</th>
<th>Domestic Institutional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 2018</td>
<td>394.44</td>
<td>166.39</td>
<td>42.18%</td>
<td>228.05</td>
<td>57.82%</td>
<td>91.75</td>
<td>74.64</td>
<td>106.49</td>
<td>121.56</td>
</tr>
<tr>
<td>Feb 2018</td>
<td>212.05</td>
<td>83.22</td>
<td>39.25%</td>
<td>128.83</td>
<td>60.75%</td>
<td>44.89</td>
<td>38.33</td>
<td>52.75</td>
<td>76.08</td>
</tr>
<tr>
<td>Mar 2018</td>
<td>272.48</td>
<td>132.21</td>
<td>48.52%</td>
<td>140.27</td>
<td>51.48%</td>
<td>69.71</td>
<td>62.50</td>
<td>49.00</td>
<td>91.27</td>
</tr>
<tr>
<td>Apr 2018</td>
<td>212.23</td>
<td>122.53</td>
<td>57.74%</td>
<td>89.70</td>
<td>42.26%</td>
<td>64.28</td>
<td>58.25</td>
<td>43.19</td>
<td>46.51</td>
</tr>
<tr>
<td>May 2018</td>
<td>318.27</td>
<td>192.95</td>
<td>60.62%</td>
<td>125.32</td>
<td>39.38%</td>
<td>62.06</td>
<td>130.89</td>
<td>33.29</td>
<td>92.03</td>
</tr>
<tr>
<td>June 2018</td>
<td>187.78</td>
<td>102.41</td>
<td>54.54%</td>
<td>85.38</td>
<td>45.46%</td>
<td>47.96</td>
<td>54.45</td>
<td>29.12</td>
<td>56.24</td>
</tr>
<tr>
<td>July 2018</td>
<td>146.07</td>
<td>36.17</td>
<td>24.76%</td>
<td>109.9</td>
<td>75.24%</td>
<td>19.83</td>
<td>16.34</td>
<td>65.42</td>
<td>44.48</td>
</tr>
<tr>
<td>2018 YTD2</td>
<td>1743.33</td>
<td>835.89</td>
<td>47.95%</td>
<td>907.44</td>
<td>52.05%</td>
<td>400.48</td>
<td>435.41</td>
<td>379.26</td>
<td>528.18</td>
</tr>
<tr>
<td>2017 YTD3</td>
<td>1129.41</td>
<td>490.73</td>
<td>43.45%</td>
<td>638.68</td>
<td>56.55%</td>
<td>254.41</td>
<td>236.32</td>
<td>231.93</td>
<td>406.75</td>
</tr>
</tbody>
</table>

Note the reduction in foreign transactions by 64.68% between June and July 2018.

Analysis

Domestic vs. Foreign 2018

Total transactions at the nation’s bourse reduced by 22.21% from N187.78 billion recorded in June 2018 to N146.07 billion (about $478.3 million) in July 2018. The cumulative transactions from January to July increased by 54.38% from N1.129 trillion recorded in 2017 to N1.743 trillion in 2018.

Domestic investors outperformed foreign investors by 50.48% in July 2018. Total domestic transactions increased by 28.72% from N85.38 billion in June to N109.9 billion in July 2018. The domestic transactions were largely driven by the 55.48% increase in the retail domestic participation which recorded N29.12 billion in June 2018 and N65.42 billion in July 2018.

There was a significant decrease of 64.68% in total foreign transactions from N102.41 billion in June 2018 to N36.17 billion in July 2018. Foreign outflows reduced by 69.99% from N54.45 billion to N16.34 billion whilst foreign inflows also reduced by 58.65% from N47.96 billion to N19.83 billion over the same period.

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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 2018 YTD represents January to July 2018 Year to Date transactions.
3 2017 YTD represents January to July 2017 Year to Date transactions.
4 The Exchange rate (in dollars) as at 31 July 2018 was $305.35.
5 Information on the retail and institutional components of total domestic transactions in July 2018 is based on data obtained from the monthly report of about 98% of the Active Dealing Members of The Exchange.
Fig 2: Foreign vs Domestic Market Share
Jan - July

- Foreign (N’ Billion)
- Domestic (N’ Billion)

Fig 3: Retail vs. Institutional Jan – July

Jan
Feb
March
April
May
June
July

- Retail (N’ Billion)
- Institutional (N’ Billion)

Fig 3. highlights the domestic composition of transactions on The Exchange between January and July 2018.

The institutional composition of the domestic market reduced by 20.91% from N56.24 billion in June to N44.48 billion in July 2018 whilst the retail composition increased by 124.66% from N29.12 billion to N65.42 billion within the same period.

This indicates a significantly higher participation by retail investors over their institutional counterparts in July 2018.

Fig 4. highlights that between 2011 and 2015, foreign transactions 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 N1.539t in 2014 declined to N518b in 2016, but increased significantly by 133% to N1.208t 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 N3.556t in 2007 to N1.335t in 2017. However, there was a significant increase in 2017 by 111% from N634 billion recorded in 2016.