DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING

September 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 September 2018.

Table 1: Analysis of Transactions for the Period Ended 30 September 2018¹

<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>Aug 2018</td>
<td>133.84</td>
<td>70.97</td>
<td>53.03%</td>
<td>62.87</td>
<td>46.97%</td>
<td>36.66</td>
<td>34.31</td>
<td>40.19</td>
<td>22.67</td>
</tr>
<tr>
<td>Sep 2018</td>
<td>130.20</td>
<td>84.33</td>
<td>64.77%</td>
<td>45.87</td>
<td>35.23%</td>
<td>40.54</td>
<td>43.78</td>
<td>19.94</td>
<td>25.93</td>
</tr>
<tr>
<td>2018 YTD²</td>
<td>2007.37</td>
<td>991.19</td>
<td>49.38%</td>
<td>1016.18</td>
<td>50.62%</td>
<td>477.68</td>
<td>513.49</td>
<td>439.39</td>
<td>576.77</td>
</tr>
<tr>
<td>2017 YTD³</td>
<td>1655.79</td>
<td>783.34</td>
<td>47.31%</td>
<td>872.45</td>
<td>52.69%</td>
<td>468.30</td>
<td>315.04</td>
<td>294.57</td>
<td>577.88</td>
</tr>
</tbody>
</table>

Analysis

Domestic vs. Foreign 2018

Total transactions at the nation’s bourse reduced by 2.79% from ₦133.84 billion recorded in August 2018 to ₦130.20 billion (about $425.6 million)¹ in September 2018. The cumulative transactions from January to September increased by 21.23% from ₦1.655 trillion recorded in 2017 to ₦2.007 trillion in 2018.

Foreign investors outperformed Domestic investors by 29.54% in September 2018. Total foreign transactions increased by 18.82% from ₦70.97 billion in August to ₦84.33 billion in September 2018. Foreign outflows increased by 27.60% from ₦34.31 billion to ₦43.78 billion whilst foreign inflows increased by 10.58% from ₦36.66 billion to ₦40.54 billion over the same period.

There was a significant decrease of 27.03% in total domestic transactions from ₦62.87 billion in August 2018 to ₦45.87 billion in September 2018.

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 September 2018 Year to Date transactions.
³ 2017 YTD represents January to September 2017 Year to Date transactions.
⁴ The Exchange rate (in dollars) as at 31 September 2018 was ₦305.85.
⁵ Information on the retail and institutional components of total domestic transactions in September 2018 is based on data obtained from the monthly report of about 96% of the Active Dealing Members of The Exchange.
Fig 3. highlights the domestic composition of transactions on The Exchange between January and August 2018.

The institutional composition of the domestic market increased by 14.33% from ₦22.67 billion in August to ₦25.93 billion in September 2018 whilst the retail composition reduced by 50.38% from ₦40.19 billion to ₦19.94 billion within the same period.

This indicates a higher participation by the institutional investors’ over their retail counterparts in September 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 ₦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.