



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

Table 1: Analysis of Transactions for the Period Ended 31 July 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%
July 2013 ²	149.86	31.81	61.90	93.71	56.15	62.53%	37.47%
2014 YTD	1,383.25	335.20	426.37	761.57	621.68	55.06%	44.94%

Note the significant increase in the domestic transactions from 47.68% in June to 74.83% in July. On the contrary, foreign transactions decreased from 52.32% to 25.17% in the same period.

Analysis

Domestic vs. Foreign 2014

Domestic participation at the nation's bourse increased to N167.77 billion (about \$1.08 billion) in July 2014, up 81.77% from January 2014. Foreign Portfolio Investors (FPI) ceded about 49.66% of trading to domestic investors as foreign transactions decreased significantly from 49.28% to 25.17% over the same period.

Total transactions increased by 23.20% from N181.97 billion in January to N224.19 billion in July and foreign portfolio investors' inflows accounted for 14.58% of total transactions while the outflows accounted for 10.59% of the total transactions in July 2014.

In comparison to the same period in 2013, total FPI decreased by 39.79%, whilst the total domestic transactions increased by 198.79%. FPI inflows outpaced outflows which were the opposite when compared to the same period in 2013. Overall, there was a 49.60% 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 June 2014 and July 2013 transactions are included for comparison to the July 2014 transactions.



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

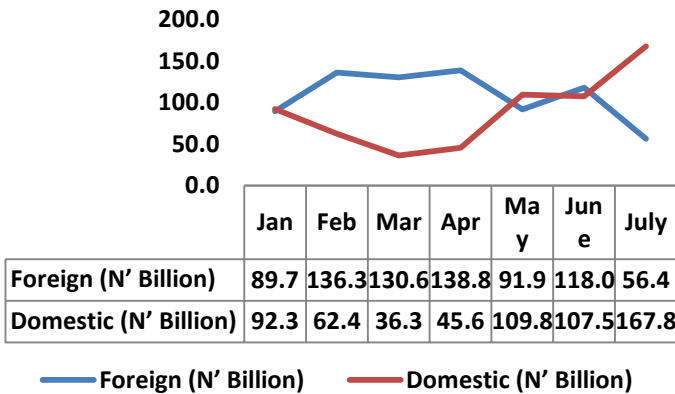


Fig 2: Foreign vs Domestic Market Share Jan - July 2014

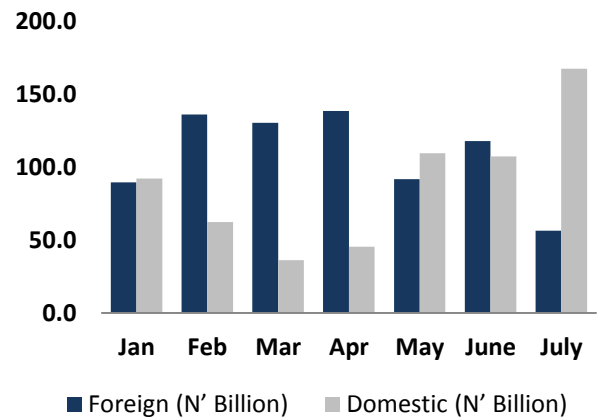
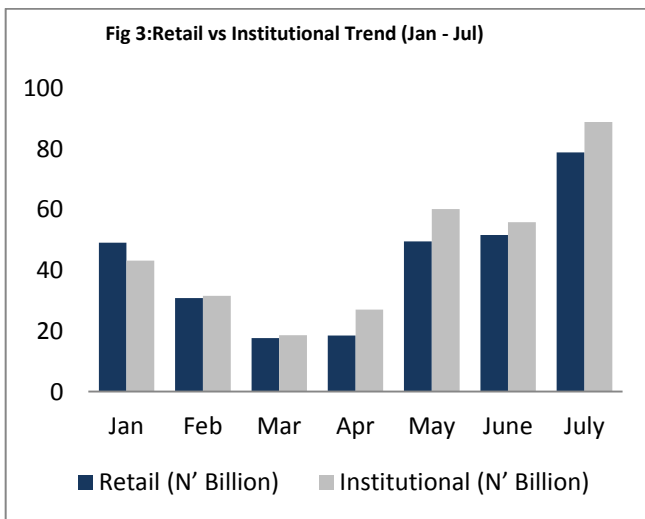


Fig 3 Retail vs. Institutional June 2014³



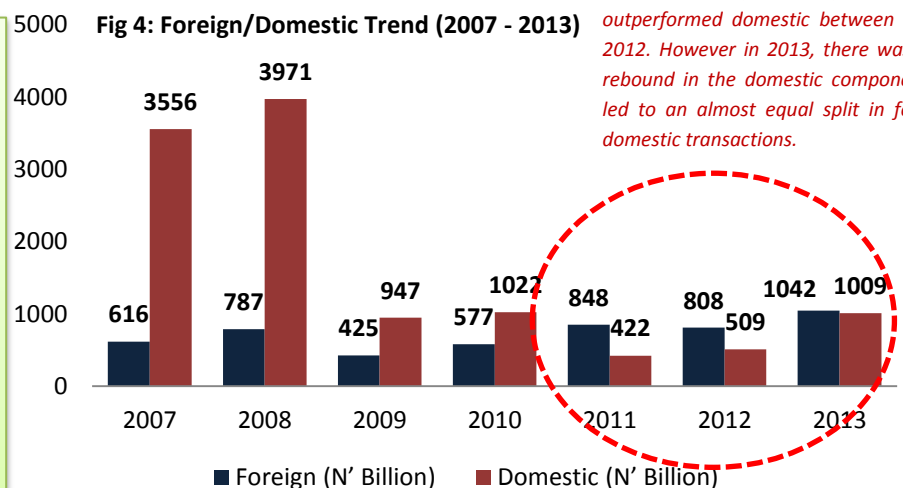
The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and July, 2014. It illustrates that total domestic transactions increased by 81.77% from January to July 2014. The institutional composition of the domestic market which was about 46.80% at the end of January increased to 52.98% at the end of July, whilst the retail composition decreased from 53.20% to 47.02% 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 June is based on data obtained from about 91% of Active Dealing Members of The Exchange.