



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

Table 1: Analysis of Transactions for the Period Ended 31 March 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%
Mar 2013 ²	151.90	43.13	37.01	80.14	71.76	52.76%	47.24%
2014 YTD	547.51	127.41	229.09	356.50	191.01	65.11%	34.89%

Note the significant increase in the FPI transactions from 49.28% to 78.25% between January to March, 2014. On the contrary, domestic transactions decreased from 50.72% to 21.75% in the same period.

Analysis

Domestic vs. Foreign 2014

The table above illustrates that FPI transactions which accounted for 49.28% at the beginning of the year, increased significantly to 78.25% at the end of March 2014. In contrast, domestic transactions decreased significantly from 50.72% to 21.75% over the same period. However, this represents an overall decrease of 8.31% in total transactions, broken down into a 50.42% increase in FPI transactions and a 60.68% decrease in domestic transactions.

In comparison to the same period in 2013, there was a significant increase in total FPI by 62.90%, whilst the total domestic transactions reduced by 49.43%. However, the FPI outflows outpaced inflows which were the reverse when compared to the same period in 2013. Overall, there was a 9.84% 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 February 2014 and March 2013 transactions are included for comparison to the March 2014 transactions.



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

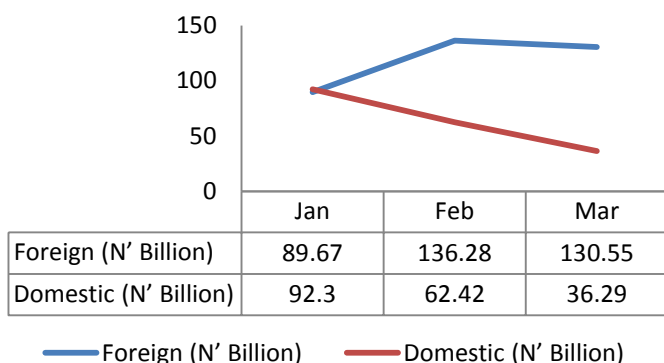


Fig 2: Foreign vs Domestic Market Share Jan - Mar 2014

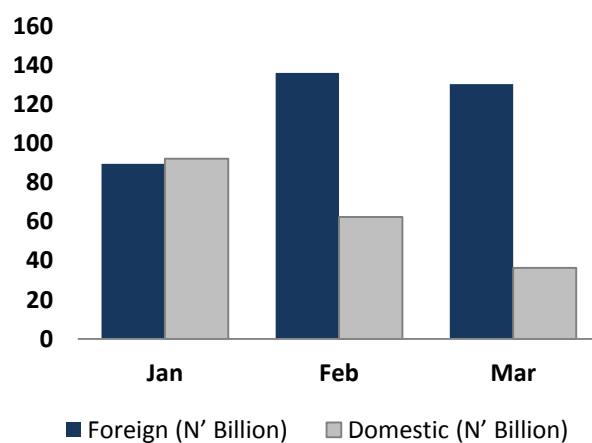
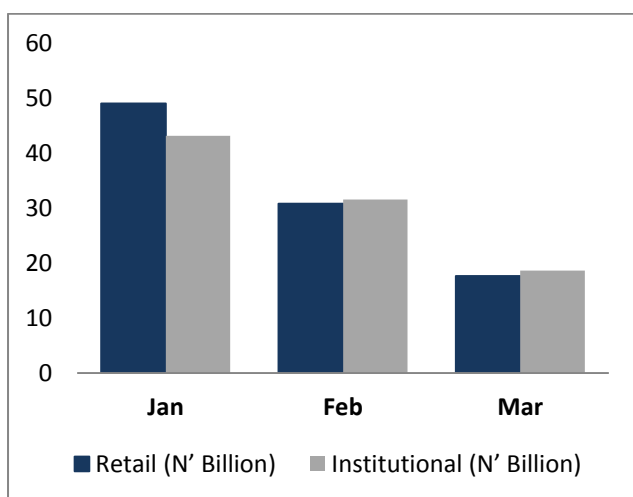


Fig 3 Retail vs. Institutional Mar 2014³



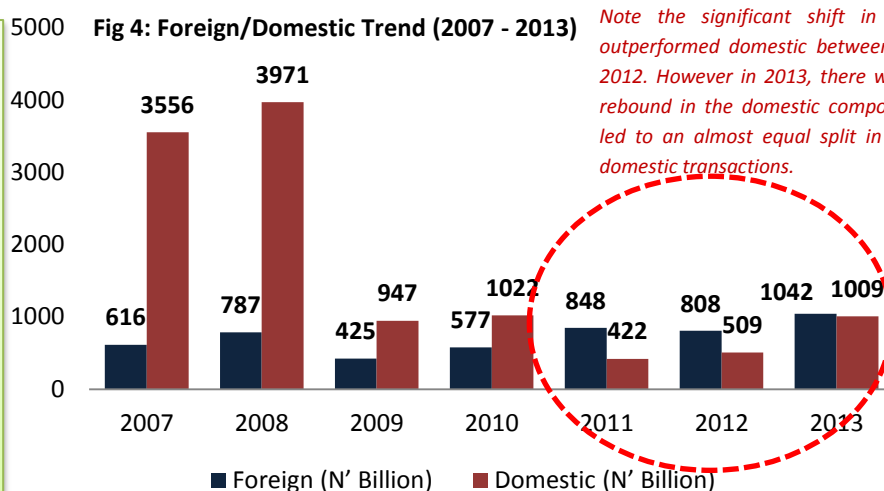
The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and March, 2014. It illustrates that total domestic transactions decreased by 60.68% from January to March 2014. The institutional composition of the domestic market which was about 46.80% at the end of January increased to 51.31% at the end of March whilst the retail composition decreased from 53.20% to 48.69% 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 reduced 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 March is based on data obtained from about 94% of Active Dealing Members of The Exchange.