



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

Table 1: Analysis of Transactions for the Period Ended 31 October 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%
Aug 2014	135.58	53.86	56.54	110.40	25.18	81.43%	18.57%
Sep 2014	522.74	134.14	92.54	226.68	296.06	43.36%	56.64%
Oct 2014	175.10	52.06	101.22	153.28	21.82	87.54%	12.46%
Oct 2013 ²	141.13	39.45	42.88	82.33	58.80	58.34%	41.66%
2014 YTD	2,216.67	575.26	676.67	1,251.93	964.74	56.48%	43.52%

Note the significant increase in FPI transactions from 43.36% in September to 87.54% in October. On the contrary, domestic transactions decreased from 56.64% to 12.46% in the same period.

Analysis

Domestic vs. Foreign 2014

FPI transactions at the nation's bourse which recorded its highest flows for the year in September decreased to N153.28 billion (about \$0.99 billion) in October 2014, down 32.38% from September 2014. In comparison to FPI transactions, domestic transactions decreased from 56.64% to 12.46% whilst FPI transactions increased significantly from 43.36% to 87.54% over the same period.

Total transactions decreased by 3.78% from N181.97 billion in January to N175.10 billion in October and foreign portfolio investors' inflows accounted for 29.73% of total transactions while the outflows accounted for 57.81% of the total transactions in October 2014.

In comparison to the same period in 2013, total FPI increased by 86.18%, whilst the total domestic transactions decreased by 62.89%. However, the FPI outflows outpaced inflows by 94.4%, a sharp increase compared to the same period in 2013. Overall, there was a 24.07% 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 September 2014 and October 2013 transactions are included for comparison to the October 2014 transactions.

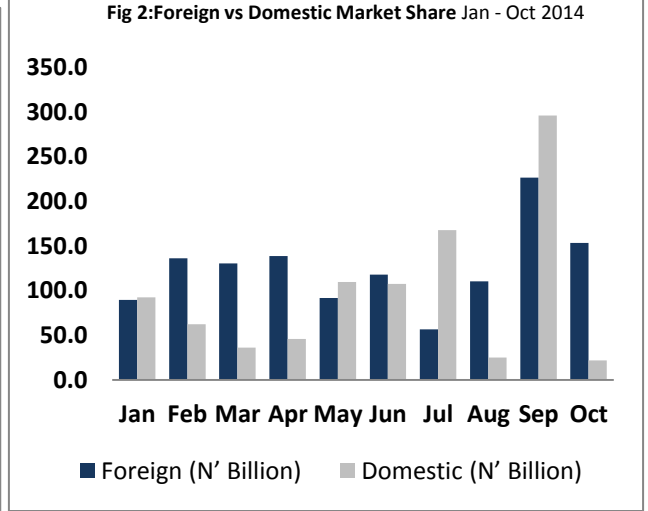
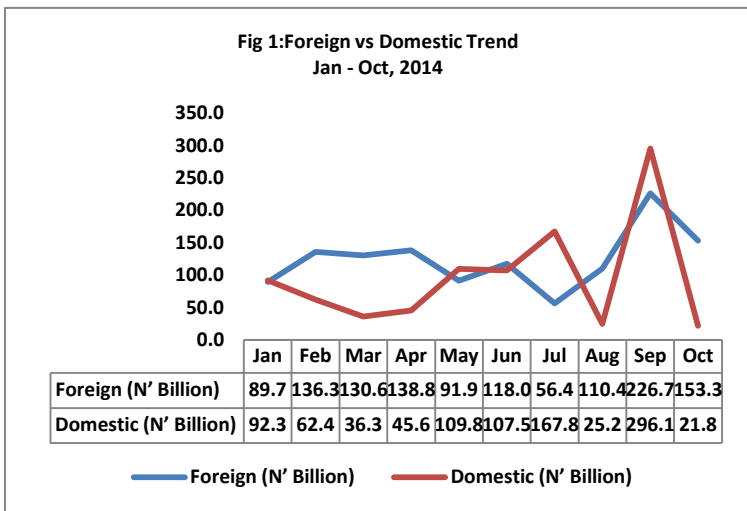
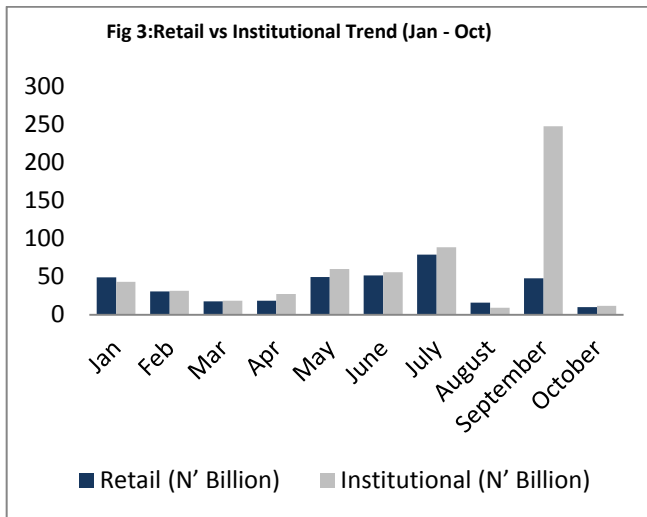


Fig 3 Retail vs. Institutional Jan - Oct 2014³

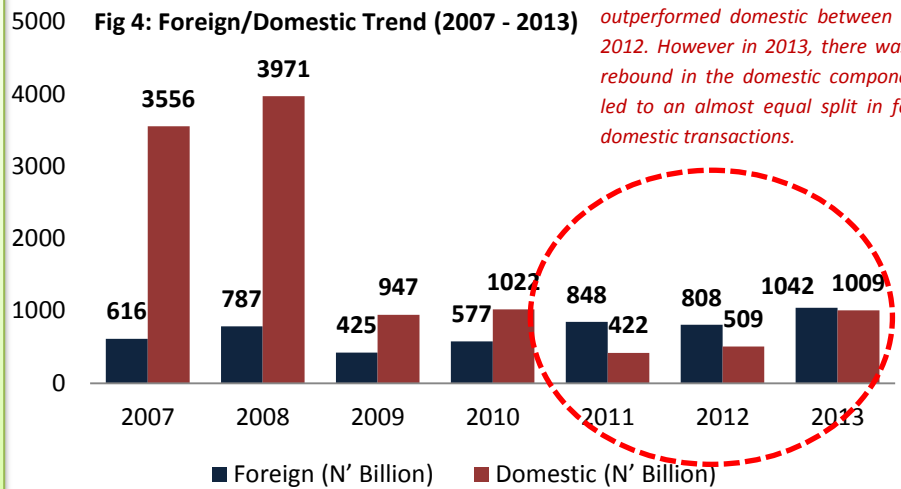


The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and October, 2014. It illustrates that total domestic transactions decreased by **76.36%** from January to October 2014. An analysis of the data highlights that the institutional composition of the domestic market which was about **46.80%** at the end of January increased to **54.54%** at the end of October, whilst the retail composition decreased from **53.20%** to **45.46%** 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).



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 October is based on data obtained from about 95% of Active Dealing Members of The Exchange.