



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING

June 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 June 2018.

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

All figures are in ₦' Billions

Period	Total	Foreign	Foreign %	Domestic	Domestic %	Foreign Inflow	Foreign outflow	Domestic Retail	Domestic Institutional
Jan 2018	394.44	166.39	42.18%	228.05	57.82%	91.75	74.64	106.49	121.56
Feb 2018	212.05	83.22	39.25%	128.83	60.75%	44.89	38.33	52.75	76.08
Mar 2018	272.48	132.21	48.52%	140.27	51.48%	69.71	62.50	49.00	91.27
Apr 2018	212.23	122.53	57.74%	89.70	42.26%	64.28	58.25	43.19	46.51
May 2018	318.27	192.95	60.62%	125.32	39.38%	62.06	130.89	33.29	92.03
June 2018	187.78	102.41	54.54%	85.37	45.46%	47.96	54.45	29.12	56.24
2018 YTD ²	1,597.25	799.70	50.07%	797.47	49.93%	380.65	419.06	313.84	483.65
2017 YTD ³	935.26	430.23	46.00%	505.03	54.00%	215.97	214.26	178.18	326.85

Total transactions reduced by 41% between May and June 2018.

Analysis

Domestic vs. Foreign 2018

Total transactions at the nation's bourse reduced by 41% from ₦318.27 billion recorded in May 2018 to ₦187.78 billion (about \$614.1 million)⁴ in June 2018⁵. The cumulative transactions from January to June increased by 70.78% from ₦935.26 billion recorded in 2017 to ₦1.597 trillion in 2018.

Foreign investors outperformed domestic investors by 9.07% in June 2018. Total domestic transactions reduced by 31.87% from ₦125.32 billion in May to ₦85.37 billion in June 2018. Foreign transactions also reduced by 46.92% from ₦192.95 billion to ₦102.41 billion within the same period.

There was a 22.71% decrease in foreign inflows from ₦62.06 billion in May 2018 to ₦47.96 billion in June 2018. However, there was also a significant reduction in foreign outflows which reduced by 58.40% from ₦130.89 billion to ₦54.45 billion within the same period.

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 June 2018 Year to Date transactions.

³ 2017 YTD represents January to June 2017 Year to Date transactions.

⁴ The Exchange rate (in dollars) as at 30 June 2018 was ₦305.80.

⁵ Information on the retail and institutional components of total domestic transactions in June 2018 is based on data obtained from the monthly report of about 98% of the Active Dealing Members of The Exchange

Fig 1: Foreign vs Domestic Trend Jan - June

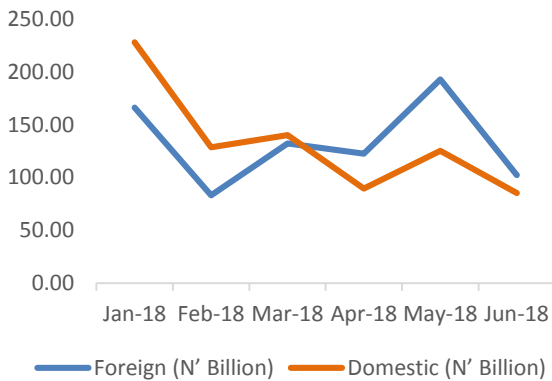


Fig 2: Foreign vs Domestic Market Share Jan - June

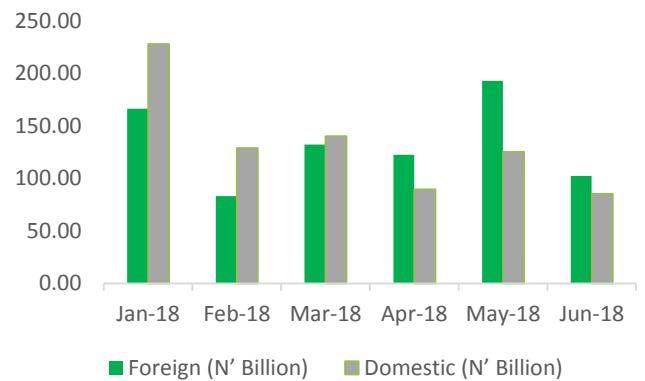


Fig 3: Retail vs. Institutional Jan - June 2018*

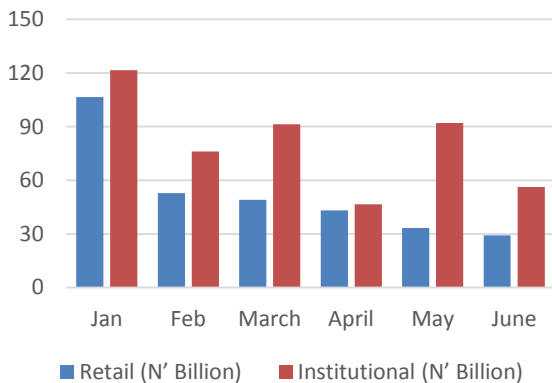


Fig 3 highlights the domestic composition of transactions on The Exchange between January and June 2018.

The institutional composition of the domestic market reduced by 38.88% from ₦92.03 billion in May to ₦56.24 billion in June 2018. The retail composition also decreased by 12.52% from ₦33.29 billion to ₦29.12 billion within the same period.

This indicates a significantly lower participation by retail investors over their Institutional counterparts.

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.

Fig 4: Foreign/Domestic Trend 2007 - 2017

