

## DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING

*December 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 December 2018.

**Table 1: Analysis of Transactions for the Period Ended 31 December 2018<sup>3</sup>**

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	187.79	102.41	54.54%	85.38	45.46%	47.96	54.45	29.12	56.26
July 2018	146.07	36.17	24.76%	109.9	75.24%	19.83	16.34	65.42	44.48
Aug 2018	133.84	70.97	53.03%	62.87	46.97%	36.66	34.31	40.19	22.68
Sep 2018	130.20	84.33	64.77%	45.87	35.23%	40.55	43.78	19.94	25.93
Oct 2018	121.45	83.48	68.73%	37.97	31.27%	40.82	42.66	23.15	14.82
Nov 2018	<b>149.72</b>	<b>84.36</b>	<b>56.35%</b>	<b>65.36</b>	<b>43.65%</b>	<b>34.97</b>	<b>49.39</b>	<b>34.18</b>	<b>31.18</b>
Dec 2018	<b>125.86</b>	<b>60.08</b>	<b>47.73%</b>	<b>65.78</b>	<b>52.27%</b>	<b>22.97</b>	<b>37.11</b>	<b>27.91</b>	<b>37.87</b>
2018 YTD <sup>1</sup>	<b>2404.40</b>	<b>1219.10</b>	<b>50.87%</b>	<b>1185.30</b>	<b>49.13%</b>	<b>576.45</b>	<b>642.65</b>	<b>524.63</b>	<b>660.67</b>
2017 YTD <sup>2</sup>	<b>2542.90</b>	<b>1207.56</b>	<b>47.49%</b>	<b>1335.34</b>	<b>52.51%</b>	<b>772.25</b>	<b>435.31</b>	<b>397.80</b>	<b>937.54</b>

### Analysis

#### Domestic vs. Foreign 2018

Total transactions at the nation's bourse reduced by 15.93% from ₦149.72 billion recorded in November 2018 to ₦125.86 billion (about \$488.8 million)<sup>4</sup> in December 2018<sup>5</sup>. The cumulative transactions from January to December reduced by 5.44% from ₦2.542 trillion recorded in 2017 to ₦2.404 trillion in 2018.

Domestic investors outperformed foreign investors by 4.54% in December 2018. Total Domestic transactions increased marginally by 0.64% from ₦65.36 billion in November to ₦65.78 billion in December 2018. In contrast, total foreign transactions reduced by 28.78% from ₦84.36 billion to ₦60.08 billion driven by a reduction in foreign inflows which reduced by 34.31% from ₦34.97 billion to ₦22.97 billion and foreign outflows which reduced by 24.86% from ₦49.39 billion to ₦37.11 billion over the same period.

<sup>1</sup> 2018 YTD represents January to December 2018 Year to Date transactions.

<sup>2</sup> 2017 YTD represents January to December 2017 Year to Date transactions.

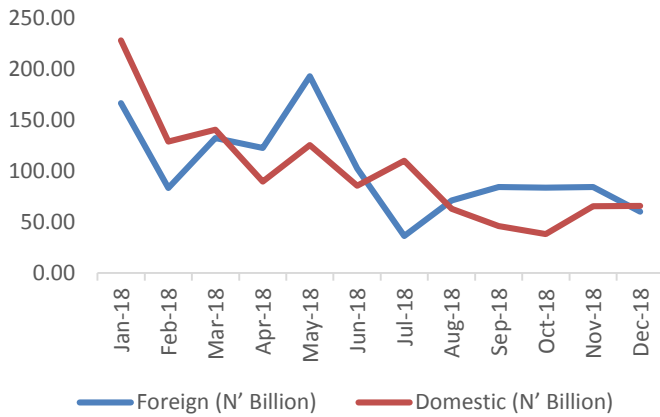
<sup>3</sup> Methodology - The FPI outflow includes sales transactions or liquidation of portfolio investments through the stock market, whilst the FPI inflow includes purchase transactions on the Nigerian Stock Exchange (Equities only).

<sup>4</sup> The Exchange rate (in dollars) as at 31 December 2018 was ₦306.50.

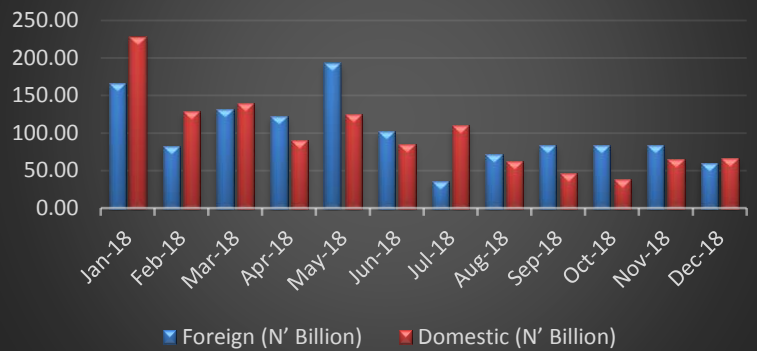
<sup>5</sup> Information on the retail and institutional components of total domestic transactions in December 2018 is based on data obtained from the monthly report of about 96% of the Active Dealing Members of The Exchange.



**Fig 1: Foreign vs Domestic Trend Jan - Dec**



**Fig 2: Foreign vs Domestic Market Share Jan - Dec**



**Fig 3: Retail vs. Institutional Jan - Dec**

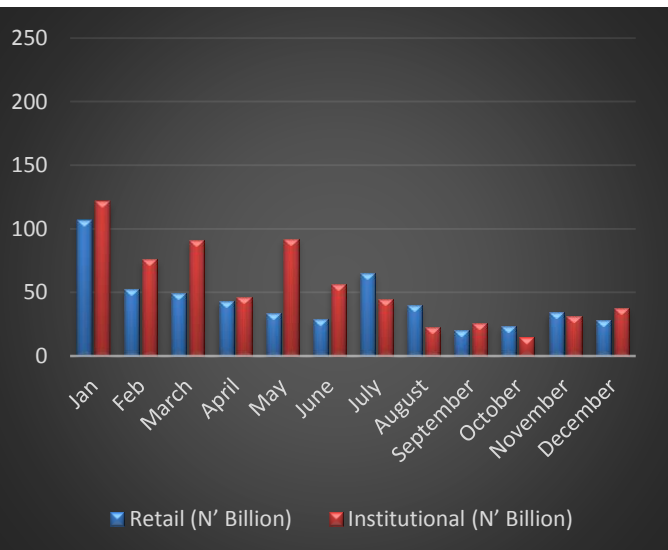


Fig 3. highlights the domestic composition of transactions on The Exchange between January and December 2018.

The Retail and institutional transactions accounted for 27.91% and 37.87% of the domestic market in December 2018.

This indicates a higher participation by institutional investors over their retail counterparts in December 2018.

**Fig 4. highlights that between 2011 and 2015, foreign transactions consistently outperformed domestic transactions. However, domestic transactions marginally outpaced foreign transactions in 2016 and 2017, and remained almost at par in 2018.**

Also, foreign transactions which was ₦1.539t in 2014 declined to ₦1219b in 2018. Over a twelve (12) year period, domestic transactions have decreased by 66.67% from ₦3.556t in 2007 to ₦1.185t in 2018.

The total foreign transactions accounted for about 51% of the total transactions carried out in the financial year 2018 whilst the domestic transactions accounted for about 49% of the total transactions in the same year.

**Fig 4: Foreign/Domestic Trend 2007 - 2018**

