

## DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING

*October 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 October 2018.

**Table 1: Analysis of Transactions for the Period Ended 30 October 2018<sup>1</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
2018 YTD <sup>2</sup>	2128.82	1074.67	50.48%	1054.15	49.52%	518.51	556.17	462.54	591.62
2017 YTD <sup>3</sup>	1783.61	850.98	47.71%	932.63	52.29%	507.86	343.12	321.75	610.88

### Analysis

Note the decline in total transactions from May to October 2018.

#### Domestic vs. Foreign 2018

Total transactions at the nation's bourse reduced by 6.72% from ₦130.20 billion recorded in September 2018 to ₦121.45 billion (about \$396.7 million)<sup>4</sup> in October 2018<sup>5</sup>. The cumulative transactions from January to October increased by 19.35% from ₦1.783 trillion recorded in 2017 to ₦2.128 trillion in 2018.

Foreign investors outperformed Domestic investors by 37.46% in October 2018. Total foreign transactions reduced marginally by 1.00% from ₦84.33 billion in September to ₦83.48 billion in October 2018. Foreign outflows also reduced by 2.58% from ₦43.78 billion to ₦42.66 billion with a corresponding marginal increase in foreign inflows which increased by 0.69% from ₦40.55 billion to ₦40.82 billion over the same period. There was a decrease of 17.22% in total domestic transactions from ₦45.87 billion in September 2018 to ₦37.97 billion in October 2018.

<sup>1</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>2</sup> 2018 YTD represents January to October 2018 Year to Date transactions.

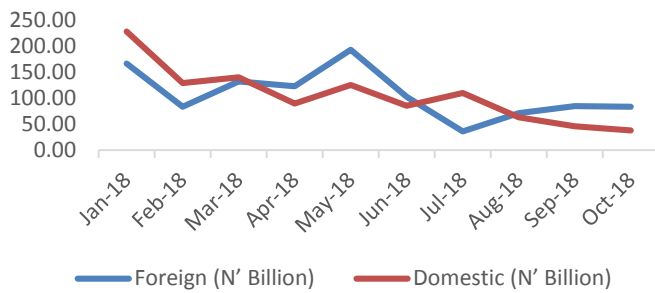
<sup>3</sup> 2017 YTD represents January to October 2017 Year to Date transactions.

<sup>4</sup> The Exchange rate (in dollars) as at 31 October 2018 was ₦306.10.

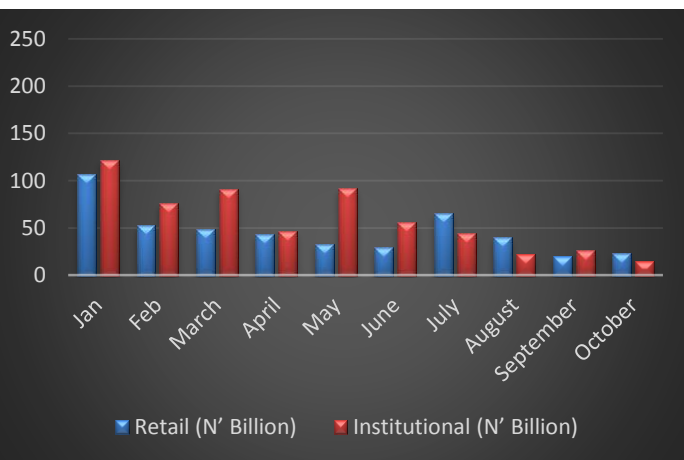
<sup>5</sup> Information on the retail and institutional components of total domestic transactions in October 2018 is based on data obtained from the monthly report of about 96% of the Active Dealing Members of The Exchange.



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



**Fig 3: Retail vs. Institutional Jan – Oct**



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

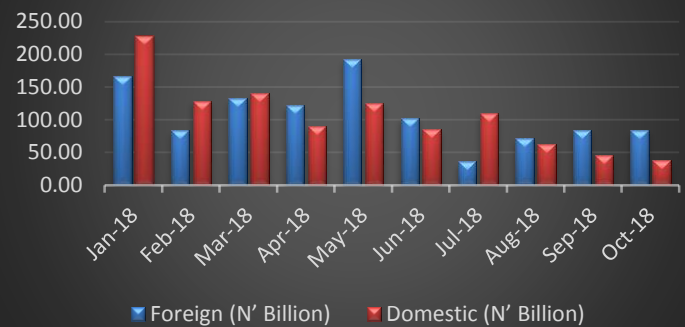


Fig 3. highlights the domestic composition of transactions on The Exchange between January and October 2018.

The institutional composition of the domestic market reduced by 42.88% from ₦25.93 billion in September to ₦14.82 billion in October 2018 whilst the retail composition increased by 16.09% from ₦19.94 billion to ₦23.15 billion within the same period.

This indicates a higher participation by the retail investors' over their institutional counterparts in October 2018.

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**

