



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – August 2016

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 at the end of August 2016.

Table 1: Analysis of Transactions for the Period Ended 31 August 2016¹

All figures are in ₦' Billions

Period	Total	Foreign	Foreign %	Domestic	Domestic %	Foreign Inflow	Foreign outflow	Domestic Retail	Domestic Institutional
Jan 2016	84.10	43.37	51.57%	40.73	48.43%	17.01	26.36	18.88	21.85
Feb 2016	117.27	42.78	36.48%	74.49	63.52%	10.94	31.84	36.24	38.25
Mar 2016	96.31	34.44	35.76%	61.87	64.24%	15.40	19.04	23.35	38.52
April 2016	66.96	28.28	42.23%	38.68	57.77%	14.52	13.76	20.83	17.85
May 2016	103.92	40.58	39.05%	63.34	60.95%	20.96	19.62	32.69	30.65
June 2016	155.85	79.76	51.18%	76.08	48.82%	42.46	37.30	37.04	39.04
July 2016	90.19	44.28	49.10%	45.91	50.90%	23.43	20.85	20.96	24.95
August 2016	117.71	56.06	47.62%	61.65	52.38%	34.70	21.36	23.39	38.26
2015 YTD ²	1,430.51	777.59	54.36%	652.92	45.64%	367.10	410.49	261.42	326.94
2016 YTD ³	832.31	369.56	44.40%	462.75	55.60%	179.42	190.13	213.38	249.37

Analysis

Note the significant decrease in transactions in 2016 compared to 2015.

Domestic vs. Foreign 2016

Total transactions at the nation's bourse increased by 30.51% from ₦90.19 billion recorded in July 2016 to ₦117.71 billion (about \$0.39 billion)⁴ in August 2016. Also, total transactions from January to August 2016 decreased by 41.82% from ₦1,430.51 billion recorded within the same period in 2015 to ₦832.31 billion in 2016.

Domestic investors marginally outperformed their foreign counterparts by about 4.76%. Domestic transactions increased by 34.28% from ₦45.91 billion in July 2016 to ₦61.65 billion in August 2016. FPI transactions increased by 26.60% from ₦44.28 billion in July 2016 to ₦56.06 billion in August 2016.

Monthly foreign inflows outpaced outflows as foreign inflows increased by 48.10% from ₦23.43 billion in July to ₦34.70 billion in August 2016. Foreign outflows also increased by 2.45% from ₦20.85 billion to ₦21.36 billion within the same period.

In comparison to the same period in 2015, total FPI transactions decreased by 52.47% from ₦777.59 billion to ₦369.56 billion, whilst total domestic transactions decreased by 29.13% from ₦652.92 billion to ₦462.75 billion.

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 2015 YTD represents January to August 2015 transactions.

³ 2016 YTD represents January to August 2016 transactions. 2015 YTD and 2016 YTD are included for transaction comparison.

⁴ The Exchange rate as at 31 August 2016 was ₦305.50.



Fig 1: Foreign vs Domestic Trend January - August, 2016

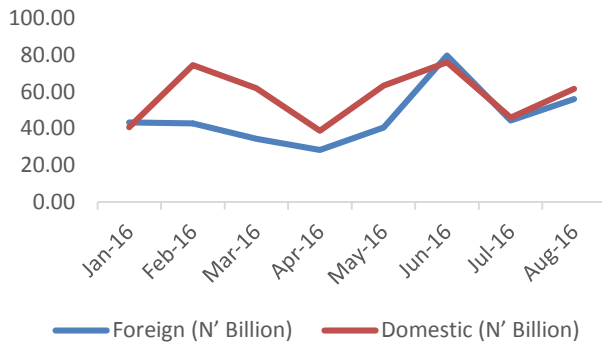


Fig 2: Foreign vs Domestic January - August, 2016

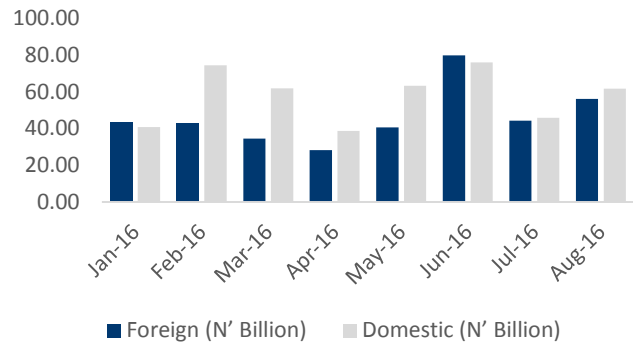


Fig 3: Retail vs. Institutional January - August 2016⁵

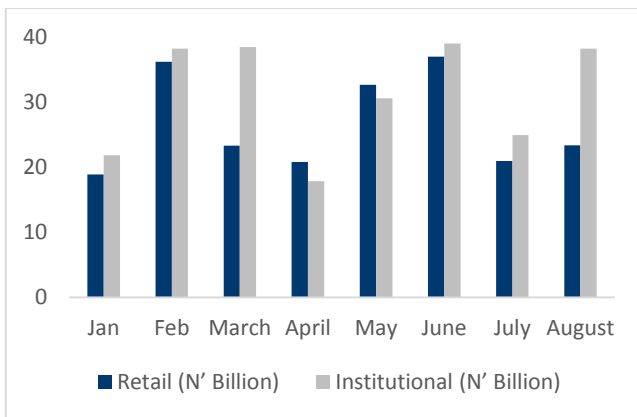


Fig 3 highlights the domestic composition of transactions on The Exchange between January and August 2016. The institutional composition of the domestic market increased by 53.35% from N24.95b in July to N38.26b in August. The retail composition increased by 11.59% from N20.96b in July to N23.39 in August. Institutional investors significantly outperformed their retail counterparts in the period under review.

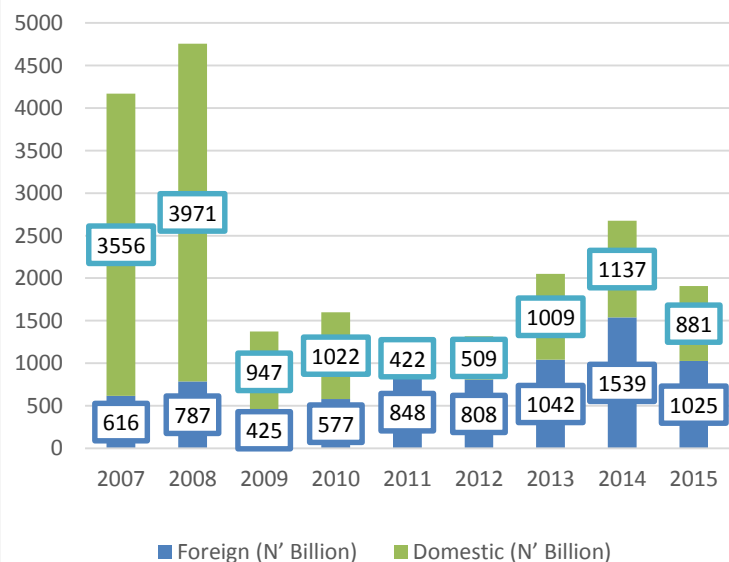
Fig 4 shows significant shift in FPI which outperformed domestic between 2011 and 2012.

In 2013, there was a major rebound in the domestic component which led to an almost equal split in foreign vs. domestic transactions.

This dropped in 2014 where FPI outperformed domestic transactions.

In 2015 FPI dropped compared to 2014. However, it slightly outperformed domestic transactions in the same period.

Foreign Domestic Trend 2007 - 2015



⁵ Information on the retail and institutional components of the total domestic transactions in August is based on data obtained from about 93% of Active Dealing Members of The Exchange.