



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

Table 1: Analysis of Transactions for the Period Ended 30 November 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%
Nov 2014	200.80	45.99	116.50	162.49	38.31	80.92%	19.08%
Nov 2013 ²	190.81	42.68	46.21	88.89	101.92	46.59%	53.41%
2014 YTD	2,417.47	621.25	793.17	1,414.42	1,003.05	58.51%	41.49%

Note the significant increase in FPI transactions from 46.59% in Nov 2013 to 80.92% in November 2014. On the contrary, domestic transactions decreased from 53.41% to 19.08% in the same period.

Analysis

Domestic vs. Foreign 2014

Total transactions at the nation's bourse increased by 10.35% from N181.87 billion recorded in January to N200.80 billion (about \$1.2 billion) in November 2014. This represents an increase of 14.68% from N175.10 billion recorded in October.

Domestic investors which conceded about 75.08% of trading to foreign investors in October conceded 61.84% in the period under review as Domestic transactions increased from 12.46% to 19.08% while FPI transactions decreased from 87.54% to 80.92% over the same period.

FPI outflows² which accounted for 58.02% of total transactions outpaced the inflows which accounted for 22.90% of the total transactions in November 2014.

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 October 2014 and November 2013 transactions are included for comparison to the November 2014 transactions.



Fig 1: Foreign vs Domestic Trend Jan - Nov, 2014

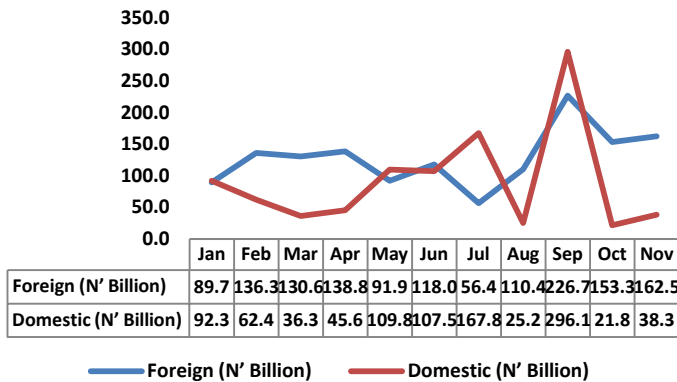


Fig 2: Foreign vs Domestic Market Share Jan - Nov 2014

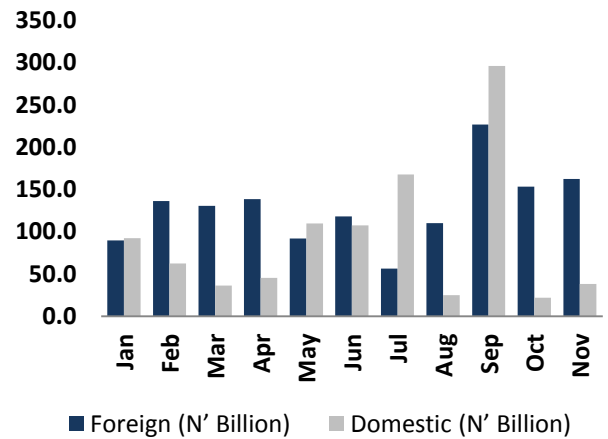
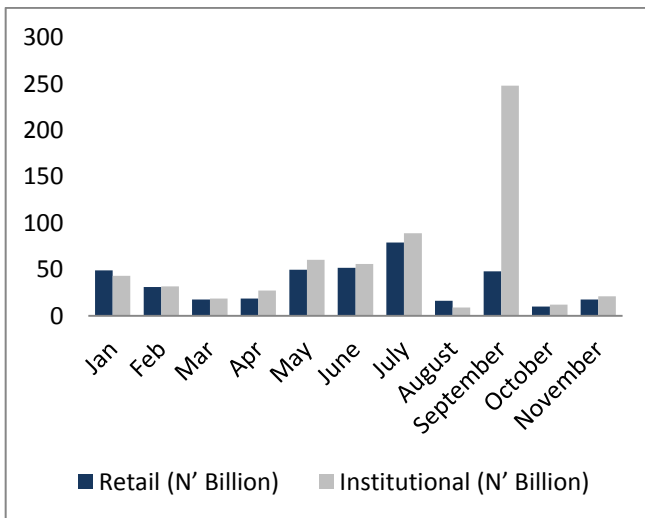


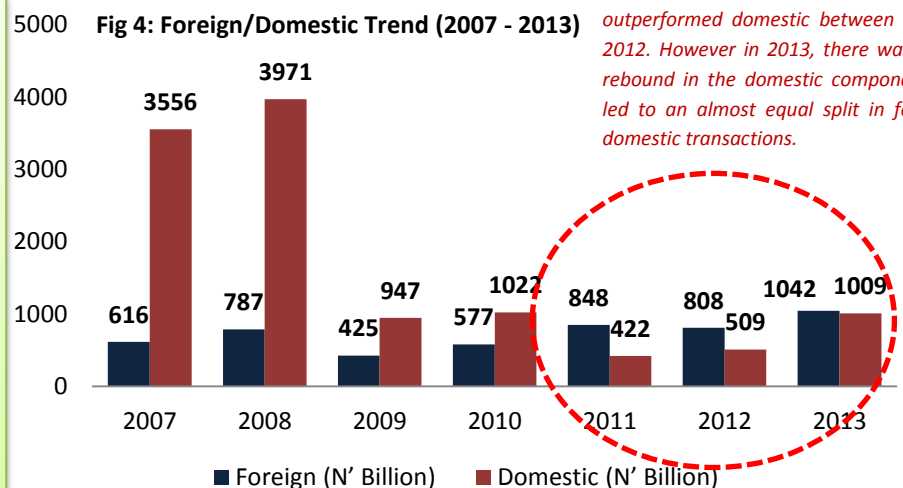
Fig 3 Retail vs. Institutional Jan - Nov 2014³



The graph in Fig 3 highlights the domestic composition of transactions on The Exchange between January and November, 2014. It illustrates that total domestic transactions decreased by 58.49% from January to November 2014. The institutional composition of the domestic market which was about 46.80% at the end of January increased to 54.42% at the end of November, whilst the retail composition decreased from 53.20% to 45.58% 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 November is based on data obtained from about 95% of Active Dealing Members of The Exchange.