



DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION IN EQUITY TRADING – September 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 September 2016.

Table 1: Analysis of Transactions for the Period Ended 30 September 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
Aug 2016	117.71	56.06	47.62%	61.65	52.38%	34.70	21.36	23.39	38.26
Sept 2016	94.77	43.59	46.00%	51.18	54.00%	24.41	19.18	20.23	30.95
2015 YTD ²	1,560.43	846.92	43.36%	713.51	56.64%	396.36	450.56	312.10	401.41
2016 YTD ³	927.08	413.14	44.56%	513.93	55.44%	203.83	209.31	233.61	280.32

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

Analysis

Domestic vs. Foreign 2016

Total transactions at the nation's bourse decreased by 19.49% from ₦117.71 billion recorded in August 2016 to ₦94.77 billion (about \$0.31 billion)⁴ in September 2016. Also, total transactions from January to September 2016 decreased significantly by 40.59% from ₦1,560.43 billion recorded within the same period in 2015 to ₦927.08 billion in 2016.

We observed that both foreign and domestic activities are decreasing, however the foreign activity is decreasing faster. Domestic investors outperformed their foreign counterparts by about 8.00%. Domestic transactions decreased by 16.98% from ₦61.65 billion in August 2016 to ₦51.18 billion in September 2016. FPI transactions decreased by 22.24% from ₦56.06 billion in August 2016 to ₦43.59 billion in September 2016.

Monthly foreign inflows outpaced outflows as foreign inflows decreased by 29.65% from ₦34.70 billion in August to ₦24.41 billion in September 2016. Foreign outflows also decreased by 10.21% from ₦21.36 billion to ₦19.18 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).

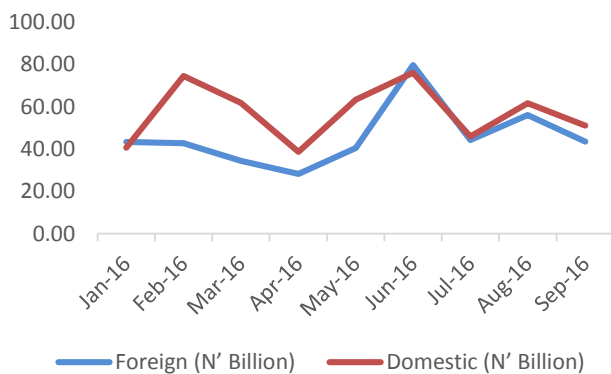
² 2015 YTD represents January to September 2015 transactions.

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

⁴ The Exchange rate as at 29 September 2016 was ₦304.75.



**Fig 1: Foreign vs Domestic Trend
January - September, 2016**



**Fig 2: Foreign vs Domestic
January - September, 2016**

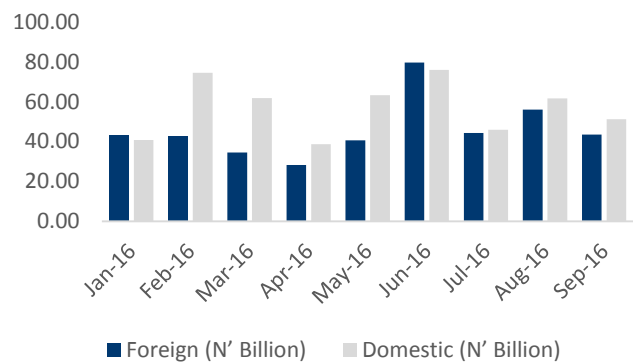


Fig 3: Retail vs. Institutional January - September 2016⁵

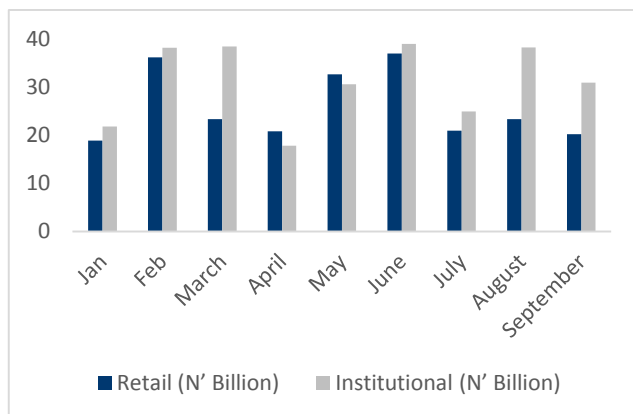


Fig 3 highlights the domestic composition of transactions on The Exchange between January and September 2016. The institutional composition of the domestic market decreased by 19.11% from N38.26b in August to N30.95b in September. The retail composition decreased by 13.51% from N23.39b in August to N20.23 in September. Institutional investors significantly outperformed their retail counterparts in the period under review.

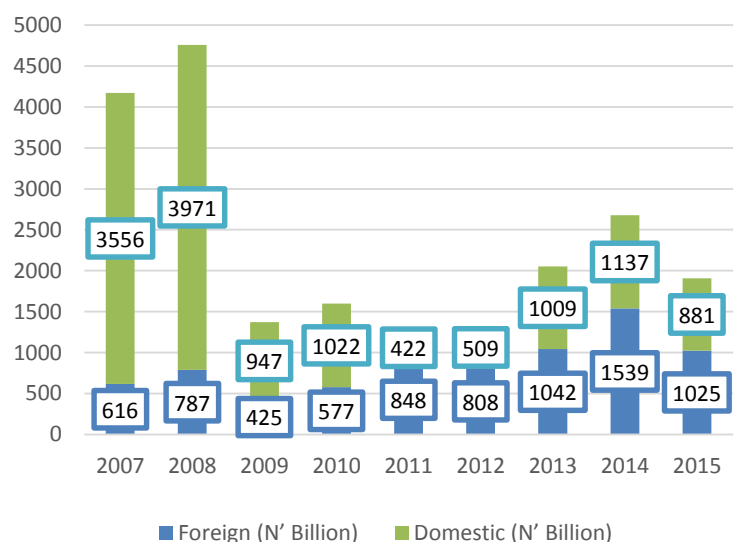
Fig 4 shows significant shift in FPI which outperformed domestic between 2011 and 2012.

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 September is based on data obtained from about 97% of Active Dealing Members of The Exchange.