



**DOMESTIC & FOREIGN PORTFOLIO PARTICIPATION
IN EQUITY TRADING – August 2017**

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 August 2017.

Table 1: Analysis of Transactions for the Period Ended 31 August 2017¹

All figures are in ₦' Billions

Period	Total	Foreign	Foreign %	Domestic	Domestic %	Foreign Inflow	Foreign outflow	Domestic Retail	Domestic Institutional
Jan 2017	95.32	44.01	46.17%	51.31	53.83%	22.61	21.40	20.12	31.19
Feb 2017	74.11	34.54	46.61%	39.57	53.39%	16.10	18.44	15.22	24.35
Mar 2017	285.05	132.51	46.49%	152.54	53.51%	23.64	108.87	23.77	128.77
April 2017	54.90	22.45	40.89%	32.45	59.11%	14.54	7.91	14.20	18.25
May 2017	205.61	95.19	46.30%	110.42	53.70%	73.15	22.04	42.47	67.95
June 2017	220.27	101.53	46.09%	118.74	53.91%	65.93	35.60	62.40	56.34
July 2017	194.15	60.50	31.16%	133.65	68.84%	38.44	22.06	53.75	79.90
Aug 2017	396.86	208.34	52.50%	188.52	47.50%	165.47	42.87	39.11	149.41
2017 YTD ²	1,526.27	699.07	45.80%	827.20	54.20%	419.88	279.19	271.04	556.16
2016 YTD ³	832.31	369.56	44.40%	462.75	55.60%	179.42	190.13	213.38	249.37

Note the significant increase in foreign transactions in August 2017.

Analysis

Domestic vs. Foreign 2017

Total transactions at the nation's bourse increased by 104.41% from ₦194.15 billion recorded in July 2017 to ₦396.86 billion (about \$1.30 billion)⁴ in August 2017. Also, the aggregate value of transactions from January to August 2017 increased by 83.38% from ₦832.31 billion recorded in 2016 to ₦1.526 trillion in 2017.

Foreign investors outperformed domestic investors for the first time this year. Total foreign transactions increased significantly by 244.36% from ₦60.50 billion recorded in July 2017 to ₦208.34 billion in August 2017. Total domestic transactions increased by 41.05% from ₦133.65 billion to ₦188.52 billion within the same period.

Monthly foreign inflows outpaced outflows. Foreign inflows increased by 330.46% from ₦38.44 billion in July 2017 to ₦165.47 billion in August 2017. Foreign outflows also increased by 94.33% from ₦22.06 billion in July 2017 to ₦42.87 billion in August 2017.

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 2017 YTD represents January to August 2017 transactions.

³ 2016 YTD represents January to August 2016 transactions.

⁴ The Exchange rate as at 31 August 2017 was ₦305.35



Fig 1: Foreign vs Domestic Trend Jan - Aug

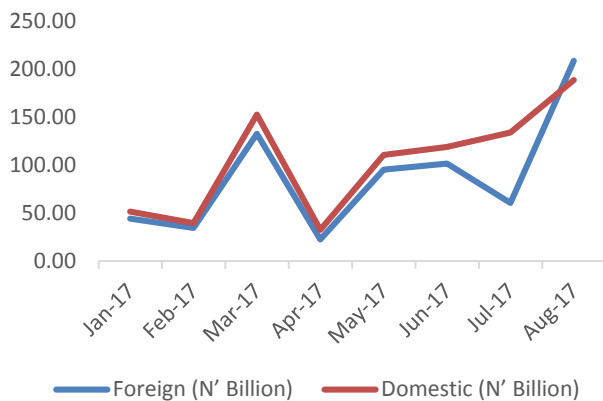


Fig 2: Foreign vs Domestic Market Share Jan/August

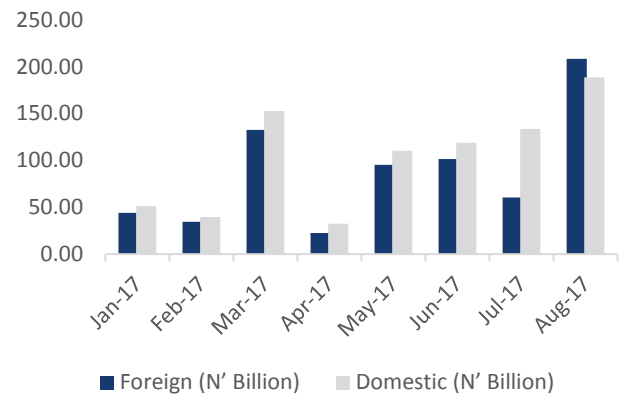


Fig 3: Retail vs. Institutional August 2017⁵

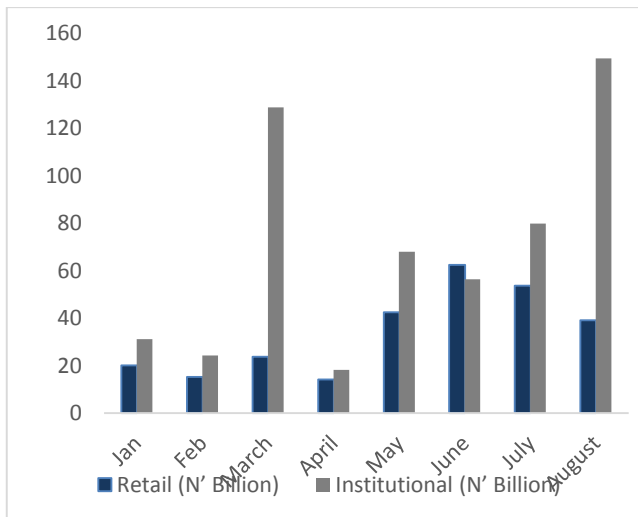


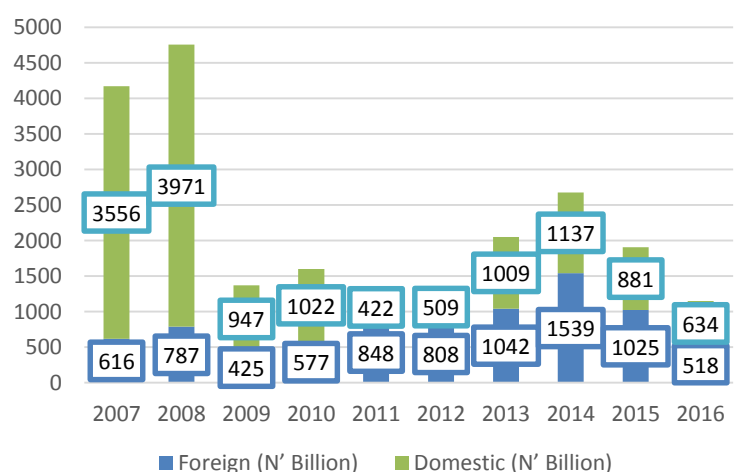
Fig 3 highlights the domestic composition of transactions on The Exchange between January and August 2017. The institutional composition of the domestic market increased by 87.00% from ₦79.90 billion recorded in July to ₦149.41 billion in August 2017. However, the retail composition decreased by 27.24% from ₦53.75 billion to ₦39.11 billion within the same period. This indicates a higher participation by institutional investors over their retail counterparts.

Fig 4 highlights that since 2011, foreign transactions have consistently outperformed domestic transactions. However, domestic transactions marginally outperformed foreign transactions in 2016, accounting for 55% of the total transaction volume in 2016.

Also, foreign transactions have further declined by 66.34% from ₦1.539t in 2014 to ₦518b in 2016, representing about 45% of total transactions in 2016.

Over the nine (9) year period, domestic transactions have significantly decreased by 85.43% from ₦3.556t in 2007 to ₦634b in 2016.

Fig 4: Foreign/Domestic Trend 2007 - 2016



⁵ Information on the retail and institutional components of total domestic transactions in August is based on data obtained from about 98% of Active Dealing Members of The Exchange.